SENATE—*Wednesday, April 1, 1981*

(Legislative day of Monday, February 16, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

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

"O God, our help in ages past,
Our hope for years to come,
Our shelter from the stormy blast,
And our eternal home!

"Before the hills in order stood,
Or earth received her frame,
From everlasting Thou art God,
To endless years the same."
—ISAAC WATTS.

Eternal Father, bound as we are by the temporal, we come to Thee in gratitude for Thy help through these past 2 days. We thank Thee for the excellent condition of the President. May his restoration be speedy and thorough. We are grateful for Mr. Brady's recovery and for the health of Mr. McCarthy and Mr. Delahanty.

As parents we identify with the pain Mr. and Mrs. Hinckley are suffering and we commend them to Thy loving and tender care. We pray for their son in his rebellion and confusion.

We thank Thee for the smooth, quiet, and efficient way Government has been managed in this crisis. In Thy sovereign grace guide the leadership of our Nation that Thy will may be done on Earth as it is in Heaven. We ask this in Thy name and for Thy glory. Amen.

RECOGNITION OF THE MAJORITY LEADER

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

THE JOURNAL

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

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

REPORT ON THE PRESIDENT'S CONDITION

Mr. BAKER. Mr. President, I am happy to report that when I checked with the White House this morning on the state of the President's health, the report was good. I was advised that the President this morning sat up, took breakfast, then walked around his room. He apparently continues to have most extraordinarily good recovery and is showing remarkable strength and vitality.

I know every Member of the Senate joins with me in our delight at the President's prompt recovery.

CONDITION OF MR. BRADY, MR. DELAHANTY, AND MR. McCARTHY

Mr. BAKER. Mr. President, I have not yet had an opportunity to check on the condition of Agent McCarthy or Officer Delahanty or Mr. Brady, the press secretary, but I shall report later in the day to the Senate on the condition of those three men as well.

THE BUDGET RESOLUTION SCHEDULE

Mr. BAKER. Mr. President, today is the day on which I hope we can dispose of all the remaining amendments to Senate Concurrent Resolution 9. It seems to me that we should be able to finish this measure today. I see the distinguished minority leader on the floor and I recall that, last evening before we went out, he and I compared notes on the number of amendments remaining. While there are quite a number—I believe 12 as I counted them on the minority side, and at least 1 on this side—that, together with the vote on passage, would be 14 votes.

Mr. President, may we have order in the Senate?

The PRESIDING OFFICER (Mr. PRESSLER). The Senate will be in order.

Mr. BAKER. Mr. President, I apologize for that request, but I was about to propound a request to the distinguished minority leader. I invite the attention of all Members in that respect.

While the amendments that we know of or knew of last night, together with passage, would be 14 votes, I hope that we can work quickly and efficiently and dispose of all of those measures today, even if it requires us to stay in beyond the normal recess hour of 6 or 6:30 this evening. My inquiry to the minority leader is whether he can give us any further view of those prospects or the prospects of such result from the standpoint of amendments to be offered on his side of the aisle.

Mr. ROBERT C. BYRD. Mr. President, last evening, I indicated to the distinguished majority leader certain amendments about which I was informed on this side of the aisle. There may be others, but I did not know. If there are, and I think there may be, I doubt that there will be many or I would know about them. I should think that it might be well to continue to hope that the Senate will finish action on the measure today, but I imagine that if all those amendments are called up, depending upon how much time is taken on each of them, together with the rollcall votes, it would put us pretty far into the evening to finish today.

I said on the day before yesterday that I felt pretty sure we would finish today, but I hesitate to say now that we will finish today, knowing of the number of amendments that yet remain, but I think that is a possibility.

Certainly, if the goal is not achievable that the distinguished majority leader seeks insofar as today is concerned, I should certainly feel, with great assurance, that action would be completed at a reasonably early hour tomorrow.

Mr. BAKER. Mr. President, I thank the minority leader. I offer two suggestions, if I may, to the distinguished managers of the bill on this side and perhaps even a request to the managers on the other side. That is the observation that it is not constitutionally necessary that we have a rollcall vote on each and every amendment. Some of these amendments can be disposed of by a voice vote.

Mr. President, in view of the guarded optimism the minority leader expressed about our finishing today, I think it best to get a little into the day before we decide whether we shall stay late to finish or go tomorrow. It is my hope that we can finish today. Later in the day or shortly after lunch, I shall try to confer with the minority leader and perhaps have another announcement.

Mr. ROBERT C. BYRD. Mr. President. I should think we should have a better idea by then about just what to contemplate.

Mr. BAKER. I thank the minority leader.

Mr. President, I have no further need for my time under the standing order and no requests for time. I am prepared to yield it back or yield it to the minority leader if he desires time.

Mr. ROBERT C. BYRD. Mr. President, I would appreciate it if the majority leader would yield it to Senators on this side. I see the minority whip is here and has some use for some time.

Mr. BAKER. Mr. President, I yield the time remaining to me under the standing order to the distinguished minority leader so he may yield it to others on his side if he wishes.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President,

● This "bullet" symbol identifies statements or inserti ons which are not spoken by the Member on the floor.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

I thank the distinguished majority leader.

THE ADMINISTRATION CALLS FOR AUSTERITY IN THE DOMESTIC BUDGET, YET ASKS FOR $350 MILLION FOREIGN AID SLUSH FUND

Mr. ROBERT C. BYRD. Mr. President, since last Thursday, the Senate has been considering legislation to reconcile the Federal budget for fiscal years 1981, 1982, and 1983. During the course of the debate, the Democrats have attempted to restore modest amounts to deep cuts in programs, which most Americans strongly support—programs providing lunches for schoolchildren, social security for the old folks, and health care for veterans.

However, while the administration has called upon the American people to accept sacrifice as a means of balancing the Federal budget, it has asked the Congress to approve a $350 million contingency fund—a "slush fund"—to meet so-called emergency requirements for military assistance to countries friendly to the United States. We are told that the fund is necessary because the congressional authorization and appropriation process is so slow that it is difficult to meet legitimate security needs of friendly countries should an emergency occur.

The Congress is being asked to give the executive branch a $350 million blank check. Of this amount, $100 million would be in the form of grant military assistance and $250 million in foreign military sales credits—or loans. However, I must point out that Congress will not have any control over how these moneys will be spent. Congress will simply be notified when funds are expended for emergency purposes.

Yet, Congress has already given the executive branch sufficient authority to meet legitimate emergency requirements. This authority totals $300 million in assistance which can be made available when unforeseen circumstances arise.

Under section 506 of the Foreign Assistance Act, $50 million in authority is granted the President to draw down on defense articles from the Department of Defense, to provide defense services from the Department of Defense, or to provide military education and training. I repeat, under section 506 of the Foreign Assistance Act, the President can provide up to $50 million a year in weapons and services to friendly governments on an emergency basis.

Under section 614 of the Foreign Assistance Act, the President has available to him up to $250 million in transfer authority from the foreign military sales program to provide credits, make sales, or issue guarantees for military equipment provided a friendly government. No more than $50 million of the funds available under this provision can be allocated to any one country in any fiscal year, unless the country is the victim of active Communist or Communist-supported aggression.

Thus, at present, the President has discretionary authority to provide up to $300 million a year in weapons and services to friendly countries threatened by emergencies. Some $250 million is transfer authority from foreign military sales programs already approved by the Congress, and the amount available for transfer would depend upon the time of year in which such emergencies occur. However, I believe the Congress, in an effort to maintain proper control over these programs, has given the executive branch the necessary flexibility to meet unforeseen needs.

Therefore, I do not see any reason why the Congress should approve an additional $350 million for the executive branch to use as it sees fit. I, for one, am opposed to what would amount to a slush fund, with no congressional control and no strings attached.

I yield my remaining time to the Senator from California and he may yield time to other Senators if he wishes.

Mr. CRANSTON. I thank the distinguished minority leader very much.

THE LEGAL SERVICES CORPORATION

Mr. CRANSTON. Mr. President, I wish to share with my colleagues a statement I made this morning to the American Bar Association.

STATEMENT BY SENATOR CRANSTON

I am delighted to see you all here this morning and to know that the ABA is committing itself to fight for the continuation of the legal services program. It is of critical importance that the members of the ABA become actively involved in defending this program because members of the organized bars of this country, perhaps more than any other segment of society, understand its critical nature.

Our system of justice is based upon the peaceful, orderly resolution of disputes and conflicts. The assistance of counsel is essential to this system. The right to be heard is of little avail—even to an educated layman—without counsel.

The legal services program is based upon the very simple, fundamental premise that the poor—no less than the wealthy—are entitled to legal representation to redress grievances and defend their interests.

I use the term "entitled" purposefully. The notion has been advanced recently that citizens do not have any basic rights or entitlements to any government services, including legal services.

I disagree with that premise, particularly as it relates to legal services.

Budget Director David Stockman is absolutely wrong when he says there isn't "any basic right" to legal services and proposes their abolition.

In plain English he means a person doesn't have a right to a lawyer and he's wrong.

Every teenager who has gotten through his 11th grade history class knows that the right to representation by a lawyer is an essential part of American justice and the American sense of fair play.

Our society—our social compact—is based upon the concept that all citizens, no matter what their financial circumstances, are entitled to be protected by the law. This right to equal protection of law and access to the judicial system is a basic right arising from our system of justice. A fair and just government cannot countenance denying people the protection of the law because of poverty. The legal services corporation is an example of what a fair and just government can and must do to bring equal justice to its people.

This is not a radical program. The notion of encouraging ways of obtaining justice through our institutions of government—through our judicial system—is a concept believers in conservative government warmly embrace. Our entire society benefits when conflicts are resolved through the courts. The legal services program is essential to promoting that result.

The vigorous participation of the ABA in efforts to retain this program is essential. I look forward to working with each and every one of you on this important task ahead.

LAND AND WATER CONSERVATION FUND

Mr. CRANSTON. Mr. President, regarding the land and water conservation fund and the reconciliation resolution pending on the floor, I want to state very emphatically that I am very concerned about the reduction in the level of funding in this reconciliation resolution insofar as it affects the future of the land and water conservation fund and the country's park and recreation programs.

The Reagan administration has proposed and the Senate Budget Committee has endorsed phasing out the land and water conservation fund parkland acquisitions.

The land and water conservation fund was established in 1964 to increase outdoor recreation opportunities for the American people. The program provides for the acquisition of national parklands and for matching grants for State recreation efforts.

The LWCF has been a well-managed program—and an extremely popular program. In fact, Interior Secretary James Watt in his Senate confirmation hearings called the land and water conservation fund "one of the most effective preservation and conservation programs in America."

He was correct. Yet now, Secretary Watt proposes to abolish this "most effective preservation and conservation program." Mr. President, I would hate to believe that Mr. Watt was deliberately misleading Senators during his confirmation hearing, but it is difficult to believe that he might have changed his mind. Perhaps there is no contradiction here: Mr. Watt believes it is "one of the most effective preservation and conservation programs," and, therefore, Mr. Watt is against it.

Over the last 5 years, Congress has approved appropriations from the LWCF at a level of between $400 million and $800 million. This legislation however, assumes a rescission of the $250 million still unspent of the fiscal year 1981 appropriation and an appropriation of only $45 million in fiscal year 1982 merely to cover court awards and meet emergency land acquisition needs.

This is a very small amount of money, compared to the sums we are considering in the pending measure. After closing out court awards, there will be little—if any—funds available to take care of emergency situations.

There are authorized parks and recreation areas around the country—Santa Monica Mountains National Recreation Area in California, Chattahoochee River National Recreation Area in Georgia, Jean Lafitte National Historic Park in Louisiana, Monocacy in Virginia, Cuya-

hoga Valley National Recreation Area in Ohio, Valley Forge National Historic Park in Pennsylvania, Manassas National Battlefield in Virginia, Olympic National Park in Washington, New River Gorge National River in West Virginia, and the Appalachian National Scenic Trail from Maine to Georgia—which are under extreme pressure by private developers, subdividers, and others.

For some of these parks, it is now or never. The lands simply will not be available for park use next year. They will be subdivided and clearcut.

There are, of course, other approaches for preservation of these parklands as open space, but each alternative has its limitations. Zoning is not permanent. Purchase of easements is almost as costly as outright acquisition. And land exchanges are difficult to put together because it is hard to find suitable property which the private landowners desire. These alternatives cannot provide the degree and permanency of protection that Congress felt these parklands deserved when the Federal areas were established—let alone provide the immediate relief that is going to be needed in some cases this year.

As many Members of this body are aware, the authorization level for the land and water conservation fund is now $900 million annually. The fund is made up of Outer Continental Shelf mineral receipts, motorboat fuel taxes, and revenues from the sale of Federal surplus real property. There is currently $1.17 billion unappropriated from the LWCF account. Although the LWCF is not a trust fund and the moneys can be "borrowed" for the purpose of budget balancing, the moneys must always be available upon request for the park acquisition program and the moneys from the LWCF can only be appropriated for the Federal and State park acquisition program.

No one has a mandate to reverse our national park program. President Reagan has no such mandate. Secretary Watt certainly has no such mandate.

The people of our Nation may have voted last November to cut back Federal spending in order to eliminate fraud and waste, to curb the Federal bureaucracy, or to try to put a cap on inflation. But parkland acquisition falls in none of these categories. It is not inflationary. Our parks have not been guilty of fraud and waste. And the park ranger hardly fits the public stereotype of a bungling bureaucrat.

In proposing to halt park acquisition, the administration is marching to a far different drumbeat than the staccato of budget discipline.

This proposal to halt park growth comes not from the mainstream of diverse American political views, but from an anti-Government bias so primitive that I still have difficulty believing Secretary Watt is serious about it. Even the developers of our national resources—the oil, timber, and mining interests—are selective in their opposition to park development.

But Secretary Watt's proposed garroting of park growth lacks even the sophistication of the exploiters. It is more than capricious and irresponsible; it is environmental anarchy.

Our national park system is a treasure more precious than all the gold in our vaults—nothing may be more important to future generations than our trusteeship of these lands. I am not aware of any political consensus in our country that we should quit acquiring parkland. Our parks become less adequate each year as our population outraces park acquisition. And parks are in great demand; visiting a national park is a lifetime experience for millions of Americans.

I believe that with respect to the land and water conservation fund, this budget is shortsighted. By providing a modest amount of money we have the opportunity to save for future generations some of the most beautiful open spaces remaining in America. However, if we do not act now, there is no question that irreversible environmental damage will occur on some of these lands and we will lose forever the chance to preserve magnificent wildlands which Congress has already identified as being nationally significant.

ORDER OF PROCEDURE

Mr. PROXMIRE. Mr. President, will the Senator from California yield me time?

Mr. CRANSTON. I yield.

DR. O'LEARY'S REPORT ON THE PRESIDENT'S CONDITION

Mr. PROXMIRE. Mr. President, the night before last, Dr. Dennis O'Leary, head of clinical surgery at George Washington University, explained to the Nation on all three networks, simultaneously, between 7:30 and 8 o'clock, the problem that the President of the United States suffered because of the assassination attempt.

He explained the physiological problems and explained the state of the President's health. Frankly, I thought he did a really magnificent job.

It made me very proud to have been associated in any way with George Washington University Hospital. My association is very limited. My son was born there. Of course, I know many people who are at George Washington University Hospital. It was a great tribute to the hospital, and it was a remarkable tribute to the American medical profession that Dr. O'Leary could answer a whole series of questions from the press, very complicated questions, answer them simply and clearly so that any layman could understand them, and reassure the Nation that the President's health was sound and solid and that he was recovering.

Dr. O'Leary said that all times during the operation, the President's vital signs were solid as a rock. It was this kind of excellent, clear, responsible, and expert opinion which I believe reassured the country greatly and which would normally pass without notation, but I believe it deserves credit.

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

Mr. PROXMIRE. I yield.

Mr. BAKER. Mr. President, I could not agree more with what the Senator has said.

I have never seen a better, more professional performance than that of Dr. O'Leary in Monday evening's live press conference. I commend the doctor for his clarity, as the Senator from Wisconsin has just done.

It is truly remarkable to find anyone who can speak with such poise, such directness, and such obvious accuracy and at the same time, by his tone, can reassure the country about the state of health of the President.

I do not know what Dr. O'Leary's plans are for the future, but there is probably going to be a race to find out if he is a Republican or a Democrat.

Mr. PROXMIRE. I thank the distinguished Senator from Tennessee.

My father was a doctor, my son-in-law is a doctor, my daughter is a physician's assistant, and I greatly admire the medical profession.

One of the problems of the medical profession is that, like the legal profession, they have difficulty making themselves understandable and clear. Dr. O'Leary did a great job.

Mr. BAKER. He did, indeed.

NIGHT AND FOG: VISIONS OF THE HOLOCAUST

Mr. PROXMIRE. Mr. President, later this month the U.S. Holocaust Memorial Council will sponsor Days of Remembrance of the Victims of the Holocaust. As part of this national observance, the American Film Institute here in Washington will present two films about this darkest period of civilized history. Alain Resnais' short film, "Night and Fog" is considered by many to be one of the greatest, as well as one of the few genuine, antiwar films ever made.

It looks at Nazi Germany's attempt to commit genocide against the Jewish people of Europe using such methods of extermination as outrageous medical experiments in which Jews were the subjects; the gas chamber where innocent victims were gassed to death; and the crematorium where the victims' bodies were burnt en masse.

Specifically, "Night and Fog" looks at one of the worst of the Nazi concentration camps, Auschwitz. According to the American Film Institute's Preview magazine, its technique is deceptively simple and brilliantly, disturbingly effective. It contrasts actual footage—in black and white—of the Nazi extermination camps in wartime with quiet, unblinking traveling shots—in color—of Auschwitz as it stands today, grassy and deserted.

"Night and Fog" effectively points out that no matter how physically deserted and serene Auschwitz may look today, the memories of the mental, emotional, and physical torment that took place within the confines of its barbed-wired perimeter remain. But whereas many atrocity documentaries lose their audience by showing too much, this brilliant movie is able to bring its terrible

message home in a manner that shows just enough and grips just right.

Mr. President, the sacredness of human life transcends national, ethnic, racial, and religious differences. The right to live is universal and any attempt to abridge this right should be dealt with accordingly. It is imperative that those of us who enjoy the blessings of living in freedom work together to insure that this right reigns worldwide.

The Genocide Convention, pending in this body for 30 years, condemns those groups who take the lives of entire peoples. By ratifying the Genocide Convention, as every President, including President Reagan, has asked us to do, the United States will clearly demonstrate that it will not tolerate a recurrence of an event such as the holocaust.

Mr. President, I yield the floor.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not beyond the hour of 10 a.m. and that Senators may be permitted to speak therein.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

INTRODUCTORY REMARKS OF SENATOR JENNINGS RANDOLPH AT FIRST ANNUAL SENATOR ROBERT C. BYRD SCHOLARSHIP TESTIMONIAL DINNER

Mr. ROBERT C. BYRD. Mr. President, on March 28, I was honored at the First Annual Senator Robert C. Byrd Scholarship Testimonial Dinner, given by the March of Dimes Birth Defects Foundation, and the Greater West Virginia Chapter of the March of Dimes in Charleston, W. Va.

On that evening, my good friend and colleague, Senator JENNINGS RANDOLPH, honored me further with a beautiful introduction.

I ask unanimous consent that the introductory remarks given by Senator RANDOLPH on that occasion be inserted in the RECORD at this point.

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

REMARKS BY SENATOR JENNINGS RANDOLPH, MARCH 28, 1981

It is a joy to join with all of you in honoring Senator Robert C. Byrd.

As one of the members of your "West Virginia Team" in the United States Senate, I share great comfort in the fact that Bob Byrd is the other team member.

While I labor to develop programs for the handicapped, I always have the support of Senator Byrd in assuring funding for the programs.

The results of this teamwork are evident in the many programs in our State which have benefitted the handicapped. A large portion of our success in Congress is made possible by all the assistance we receive from the March of Dimes and other volunteer organizations. Without the valued counsel and dedicated efforts of organizations such as yours, our efforts in the Senate would not be so measurable.

Certainly the implementation of the programs that are enacted would not be as effective were it not for concerned and caring people such as you. By keeping us informed on the needs of our handicapped West Virginians, you are helping the handicapped throughout the nation.

Our leader in the Senate has been described as having "a supreme sense of orderliness and a Victorian concept of duty." I can think of no higher accolade—and one more deserved—for any public servant.

He has brought new respect for the traditions of the United States Senate, while at the same time working forcefully to achieve a more efficient and productive operation. As majority leader, he set a tone and a pattern that continues.

Senator Byrd's career reflects his respect for order and orderly progression. He is a taskmaster and a tactician, a personification of the disciplined, self-made man. But, as you know, off the Senate floor he has been known to "fiddle around."

His Cinderella story in public service began humbly as an orphaned child in North Carolina, in a time of economic and social upheaval. But Bob Byrd had a big advantage—he was smart and willing to work—and he didn't realize he was disadvantaged.

Reared by a foster father in West Virginia's southern coal fields, Bob surprised the political establishment in 1946, when he upstaged a dozen other candidates to land a seat in the West Virginia Legislature.

His first venture into politics followed a succession of Depression-era jobs. He was a service station operator, a grocery store clerk, a butcher and a shipyard builder.

He retained his House of Delegates seat in 1948 and, two years later, was elected a State senator. In 1952, he staked his six-year record of public service in a political dogfight for a Congressional post from West Virginia's old Sixth District. During those six years, Bob drove thousands of miles over mountain roads to attend part-time classes in four colleges.

He was elected to the U.S. Senate in 1958, and continued his part-time educational goal. He took night courses at George Washington and American universities to earn a law degree. He was personally applauded for his efforts on graduation by the commencement speaker—the late President John F. Kennedy.

Bob Byrd's thirst for knowledge and his respect for education are constant. It is this quality of knowing before action, of reflection and preparation, that has gained him the reputation of never having lost an election in 35 years of public life.

These words of an old poem, whose author is unknown, perhaps best describe the character and persistance of the man we honor tonight:

"The world has room for the manly man,
With the spirit of manly cheer;
The world delights in the man who smiles,
When his eyes keep back the tear.
It loves the man who, when things are wrong,
Can take his place and stand;
With his face to the fight, and his eyes to the light,
And toil with a willing hand."

These qualities are reflected in abundance here tonight. Each of you, in his or her own field, plays an influence role in your state and community. But beyond your peer ranking and your material successes you carry in your hearts the care and compassion to help those in greatest need. You each have, in the poet's words, a desire to face the fight with your eyes to the light and—to insure a sound society based on goodness and humanity—"toil with a willing hand."

Ladies and gentlemen, it is both an honor and a privilege to present your distinguished honoree—and our friend—Senator Robert C. Byrd of West Virginia.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired.

BUDGET RESOLUTION OF RECONCILIATION AND INSTRUCTIONS

The PRESIDING OFFICER (Mr. MATTINGLY). The Senate will now resume consideration of the pending business, Senate Concurrent Resolution 9, which the clerk will report.

The assistant legislative clerk read as follows:

Concurrent resolution (S. Con. Res. 9) revising the congressional budget for the United States Government for the fiscal years 1981, 1982, and 1983.

The Senate resumed consideration of the concurrent resolution.

AMENDMENT NO. 20

The PRESIDING OFFICER. The pending business is on amendment No. 20, the amendment of the Senator from Connecticut (Mr. WEICKER).

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. LEVIN. Mr. President, I rise to support Senator WEICKER's amendment to Senate Concurrent Resolution 9 to change the instructions to the Small Business Committee. This amendment would reduce the amount the Small Business Committee has been instructed to save by $150 million.

During my 2 years service on the Small Business Committee, I have become convinced that small business will and must play a key role in the revitalization of our economy. Members of the committee have heard what small business needs to become more successful and what the Federal Government can do to aid in that process, as well as what programs work and what programs need to be modified. When talking about small business, we are talking of the most efficient, innovative, growth oriented sector of our economy. Small businesses generate the majority of new jobs as well as accounting for 55 percent of all existing jobs in the private sector. All of this was pointed up during the White House Conference

on Small Business held last year and supported by many of the Members of this body.

The reconciliation resolution assumes the elimination of all SBA direct lending. This not only includes the direct business loan program, but direct lending programs for the handicapped, local development companies, and for firms involved in the energy field.

SBA is often the only source of capital for these entities because traditional lenders do not want to accept the risk involved in lending capital to a new or innovative company. Without SBA assistance, we may lose the chance to develop new energy technologies. Firms which employ the handicapped may fail.

The resolution also assumes a major increase in the interest rates charged to homeowners and businesses which have suffered a physical disaster.

The SBA administers a disaster loan program which provides financial assistance to homeowners and businesses in disaster areas. Since 1950, SBA has been the principal agency of the Federal Government that furnishes monetary aid when disaster strikes. Natural disasters are often of such magnitude that local financial institutions are unable to marshal the resources necessary for recovery. When a disaster strikes, we all should help—in other words, a Government role is appropriate.

The disaster program is one which no person wants to qualify for. It is not a giveaway program nor is it assistance for a special interest, a specific income group or a region of the country. Every single homeowner in the United States may find him or herself in a situation where a flood, hurricane, volcano, tornado, fire, or other calamity destroys part or all of his or her property and possessions. I would be happy if we never used the program but that is beyond our control. We must have such a program and it must be a good one.

Disasters occur throughout the United States. Over the last several years disaster declarations have been made in all of the 50 States. SBA's statistics show that through fiscal year 1979, 766,980 disaster loans have been made to homeowners and businesses in the United States. Many, many Americans utilize this program. Most of the loans are to homeowners with inadequate or no insurance. Between 1976 and 1980, 700 disaster declarations were made by either the President or the Administrator of the Small Business Administration. All Members of the Senate are familiar with the major disasters which occurred in the United States as well as those which happened in their own States.

When the disasters occur, the Federal Government is there with low-interest loans to help individuals and communities rebuild. If we do not accept this amendment that low-interest loan will presumably no longer be available and homeowners will find themselves burdened with huge monthly payments to the Federal Government to pay off their loans at 13 percent interest instead of the present 3 percent. There is no choice for homeowners who have suffered through a hurricane or flood or fire. They have to rebuild and we should make it as reasonable as possible. All our people are willing to help. Our people want to help. We hear about these disasters for a week or two in the media but the residents of the areas struck have to live with the devastations for months; the scars often remain for years. Let me give you an example of some of the disasters which have qualified for SBA disaster assistance.

SBA DISASTER ASSISTANCE

California, 1980, floods, 14,000 loans; Texas, 1980, floods, 25,000 loans; Louisiana, 1980, floods, 8,500 loans (2 separate disasters); Texas, 1979, tornado, 2,500 loans; California, 1978, floods, 18,000 loans; Mass., 1978 floods, 10,000 loans; Maine, 1978, floods, 1,500 loans; Illinois, 1978 storm, 1,662 loans; Minnesota, 1978, tornado, 1,500 loans; Alabama, 1979, hurricane, 6,000 loans; Nebraska, 1980, tornado, 600 loans; N. Dakota, 1979, floods, 582 loans; Washington, 1970, volcano, 1,100 loans and still counting.

I urge the Members of the Senate to accept Senator WEICKER's amendment. It will give the Small Business Committee the flexibility it needs to make good policy decisions on programs of importance to small businesses. Furthermore, it will enable the committee to consider the implications of major changes in the disaster loan program, changes which I believe should not take place.

Homeowners have relied on this low-interest assistance program in order to help get them back on their feet again. I believe Senator WEICKER's amendment will help do what the American people want us to do, which is to retain a critical form of assistance to those who are, perhaps, the most neediest of all people, those who have been wiped out in a disaster and find themselves with either no insurance or inadequate insurance.

Mr. WEICKER. Mr. President, the Senator from Michigan raises an important subject, one which has been addressed by the Small Business Committee and the Congress on numerous occasions. As I mentioned in my opening statement last night, it was just last July, after 2 years of negotiations, that the rates and terms for disaster loans were finally agreed to.

Both the President and the Budget Committee have proposed sweeping changes in the disaster loans but also would change the eligibility criteria and the amount of loss which could be covered by Government loans. Taking such sweeping action without the benefit of time to examine the effect on disaster victims is of concern to me.

If the Senator desires, I would be more than willing to schedule hearings in the Small Business Committee to examine the effect of these sweeping changes on homeowners and businesses.

Mr. LEVIN. Mr. President, I appreciate Senator WEICKER's concern about the disaster loan program. It is evident that he is well informed about the proposed changes in the program and I trust the issues we have raised today will be addressed in the Small Business Committee with all the options explored.

Mr. WEICKER. Mr. President, just for the next few minutes—and then I intend to allow the vote to proceed—I would just like to summarize the effects of this resolution. What is being done here is not much different, I suppose, from that which the Budget Committee seeks to accomplish through the budget process; that is, taking away the policy-making or the discretionary powers of the various authorizing committees.

The Small Business Committee gave a great deal of thought to the budget report that it presented to the Budget Committee on March 16. And, indeed, in the budget that was presented, there was a slight rise over that which was suggested by the President in certain areas which we deemed to be important and worthy of an increase. Instead, the Budget Committee has handed us a budget that is considerably below that of President Reagan.

Now, if these economically difficult times have impacted with harshness upon business as a whole, it has been especially harsh insofar as small business is concerned. One has only to read the newspapers to see business after business, small business after small business going belly up. And the reason for that, very simply, is either the inability to get capital or the cost of that capital.

The large business either has adequate capital or can pay the 20-, 21-, 22-percent interest. It certainly does not do much for the bottom profit line as far as those businesses are concerned, but they can get the money and can pay it. Not so with small business. It is a matter of life or death. And, in too many cases, death is coming rather swiftly and in rather large numbers these days when we are talking about small business.

What doubly concerns me is that it is the small businesses of this Nation that have for the past decade supplied about 90 percent of the new employment. About 90 percent of the innovation comes from small business. It is small business that is going to provide the competition which keeps prices down and quality high. And without that competition you are going to get a concentration of economic power in the hands of a few corporations in this country.

I have stood on this floor and very much opposed restricting competition by legislative fiat as has been suggested by some of my colleagues. But whereas I oppose legislative fiat, I want to do everything to encourage competition. And the economic policies of the previous administration and, indeed, in a different way, the economic policies of this administration, are further narrowing and restricting that competition.

A business cannot start up without capital. A business cannot expand or grow without capital. And so what you have is a series of forced mergers. It is one thing for a small business to sell out for estate reasons or as a matter of choice, insofar as the owners of that business are concerned, but to be forced, either in the sense of going out of business or being forced into a merger with a larger corporation because there is no capital or one cannot afford to pay for the capital, that is a different story.

And right here, what the Budget Committee has done is to take away that source of capital from those who need it the most. Not only are they small businesses but they are the greatest risks within the small business community. Forty-seven percent of the direct loans in 1980 went to minorities and to women. It is not easy for either of those categories to obtain capital, neither can they afford the cost of capital. Many other of these are direct loans to the handicapped and for urban economic development.

I do not disagree with the direction that the Budget Committee suggests in shifting over from direct to guaranteed loans. I have no problem with that. But to bring it about in one fell swoop creates enormous hardship. Now we are no longer talking about macro or microeconomics; we are talking about an individual going bankrupt. So what to us is a matter of policy becomes a personal tragedy to somebody else.

I might add, again in terms of the philosophy of this administration, we are not talking about public works jobs; we are talking about the creation of jobs through the private sector.

So for all these reasons I would hope that my colleagues in the Senate would stand with the President, which really is the middle ground between the figures suggested by the Small Business Committee, which are on the up side, and the figures suggested by the Budget Committee, which are on the down side. I would hope the Senate would stand with the Small Business Committee and the President and pass this amendment.

I am prepared to go ahead with the vote. Whenever Senator HOLLINGS or Senator DOMENICI are prepared to yield back the remainder of their time, I am prepared to do so. Let us get on with a vote on this matter, unless someone else is prepared to speak.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I will be glad to check on this side during a quorum call to see if anyone on this side wants to further debate this matter.

Mr. President, I suggest the absence of a quorum, with the time to be equally charged to both sides.

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

The bill clerk proceeded to call the roll.

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

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

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

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

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Connecticut. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from New Jersey (Mr. WILLIAMS), are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH), would vote "yea."

The PRESIDING OFFICER (Mrs. HAWKINS). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 28, nays 68, as follows:

[Rollcall Vote No. 58 Leg.]

YEAS—28

Baucus	Hatch	Moynihan
Bradley	Hayakawa	Nunn
Byrd, Robert C.	Heinz	Packwood
Cannon	Inouye	Riegle
Cohen	Kennedy	Sarbanes
Cranston	Leahy	Specter
Dodd	Levin	Tsongas
Ford	Mathias	Weicker
Glenn	Metzenbaum	
Hart	Mitchell	

NAYS—68

Abdnor	Eagleton	McClure
Andrews	East	Melcher
Armstrong	Exon	Murkowski
Baker	Garn	Nickles
Bentsen	Goldwater	Percy
Biden	Gorton	Pressler
Boren	Grassley	Proxmire
Boschwitz	Hatfield	Pryor
Bumpers	Hawkins	Quayle
Burdick	Heflin	Roth
Byrd,	Helms	Rudman
Harry F., Jr.	Hollings	Sasser
Chafee	Huddleston	Schmitt
Chiles	Humphrey	Simpson
Cochran	Jackson	Stafford
D'Amato	Jepsen	Stennis
Danforth	Johnston	Stevens
DeConcini	Kassebaum	Symms
Denton	Kasten	Thurmond
Dixon	Laxalt	Tower
Dole	Long	Wallop
Domenici	Lugar	Warner
Durenberger	Mattingly	Zorinsky

NOT VOTING—4

Matsunaga	Randolph	Williams
Pell		

So Mr. WEICKER's amendment (No. 20) was rejected.

UP AMENDMENT NO. 36

(Purpose: To provide for an across-the-board reduction in energy activities)

Mr. HART. Madam President, I send to the desk an amendment, on behalf of myself, the Senator from Montana (Mr. MELCHER), the Senator from Massachusetts (Mr. TSONGAS), the Senator from Ohio (Mr. GLENN), and others, and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. HART), for himself and others, proposes an unprinted amendment numbered 36.

Mr. HART. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, beginning with "$14,667,000,000" in line 14, strike out through "$47,694,000,000" in line 20 and insert in lieu thereof the following: "$12,445,000,000 and outlays by $2,387,000,000 in fiscal year 1981; to reduce budget authority by $52,825,000,000, and outlays by $36,958,000,000, in fiscal year 1982; and to reduce budget authority by $59,228,000,000, and outlays by $47,544,000,000".

On page 2, beginning with "$13,300,000,000" in line 24, strike out through "$1,800,000,000" in line 1 on page 3 and insert in lieu thereof the following: "$11,078,000,000 in budget authority and $1,534,000,000 in outlays for fiscal year 1981; by $3,213,000,000 in outlays for fiscal year 1982; and $1,650,000,000."

On page 4, beginning with "$645,000,000" in line 5, strike out through "$3,961,000,000" in line 10 and insert in lieu thereof the following: "$140,000,000 in budget authority and $2,997,000 in outlays for fiscal year 1981; "$3,243,000,000 in budget authority and $3,197,000,000 in outlays for fiscal year 1982; and $4,011,000,000 in budget authority and $3,958,000,000".

On page 6, beginning with "$2,071,000,000" in line 9 strike out through "$3,628,000,000" in line 13 and insert in lieu thereof the following: "$331,000,000 in budget authority and $89,000,000 in outlays for fiscal year 1981; $3,714,000,000 in budget authority and $3,358,000,000 in outlays for fiscal year 1982; and $3,660,000,000 in budget authority and $3,522,000,000."

The cosponsors of Mr. HART's amendment (UP No. 36) are: Mr. CRANSTON, Mr. MELCHER, Mr. BUMPERS, Mr. DECONCINI, Mr. KENNEDY, Mr. MATSUNAGA, Mr. BAUCUS, Mr. LEAHY, Mr. MITCHELL, Mr. WILLIAMS, Mr. BIDEN, Mr. GLENN, Mr. TSONGAS, Mr. FORD, Mr. MOYNIHAN, and Mr. HUDDLESTON.

Mr. HART. Madam President, with a wide variety of colleagues, I am offering this amendment, which addresses an issue crucial to the future of our Nation: reaching energy independence as soon as reasonably possible.

In setting its committee marks, the reconciliation resolution assumes enactment of the administration's proposed energy budget. This budget, in the opinion of many, could seriously jeopardize our economic and national security because it does very little to reduce our near-term vulnerability to disruptions in the supply of imported oil.

The energy budget adopted by the Senate Budget Committee would reduce the total amount of funds available for energy independence in the shortest period of time, and increases funds for programs with only a speculative chance of contributing to our energy security.

By contrast, our amendment proposes distributing the overall 15 percent equitably among each functional area within the energy budget—energy supply, research and development, energy conservation, and fossil energy programs. In addition, it restores fiscal year 1980 budget authority to sustain both the Solar Energy and Energy Conservation Bank and the alcohol fuels loan program at a subsistence level, so that those programs can continue to exist into the early 1980's.

I ask unanimous consent that a table indicating my assumed funding levels for each of these programs be included in the RECORD.

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

COMPARISON OF FUNDING ASSUMPTIONS UNDER PROPOSED AMENDMENT

	Current policy—Fiscal year 1981	
	BA	O
Energy supply R. & D	2,807	2,803
Fossil energy	1,135	930
Energy conservaiion	800	705
Alcohol fuel		40
Solar/conservation bank		10
Total	4,742	4,488

	Fiscal year 1981			
	Reagan assumptions		Amendment assumptions	
	BA	O	BA	O
Energy supply R. & D	2,666	2,752	2,358	2,643
Fossil energy	815	805	946	854
Energy conservation	546	689	700	700
Alcohol fuel	−1,245	25		40
Solar/conservation bank	−1,000	0		5
Total	1,782	4,271	4,004	4,237

	Reagan outlay assumptions		Amendment outlay assumptions	
	FY 82	FY 83	FY 82	FY 83
Energy supply R. & D	−78	−12	−255	−31
Fossil energy	−158	−37	−97	−23
Energy conservation	−116	−74	−62	−28
Alcohol fuel	−60	−87	−51	−83
Solar/conservation	−50	−130	−10	−25
Total	−462	−340	−475	−190

Mr. HART. Mr. President, this amendment differs from other amendments offered during this debate in that it would retain the overall level of fiscal year 1981 spending on energy programs proposed in the administration's budget, but would change the marks of three committees: Energy, Agriculture, and Appropriations. At the same time, however, it would reverse the assumptions underlying the reconciliation instructions, putting the Senate on record in favor of a balanced and diverse energy program that includes a wide range of energy technologies.

Finally, by more equitably distributing the proposed funding reduction, the amendment would give the relevant committees of jurisdiction added flexibility in the determination of the appropriate level of funding for specific energy programs.

This amendment is more concerned with a principle than with a specific set of numbers. This is the principle, as I have indicated, of a balanced energy program. Over the past decade and under three administrations, Congress has fashioned a balanced energy program, based on a range of energy technologies, to help cure us of our debilitating addiction to foreign oil. But, unfortunately, the Budget Committee's proposal could undermine that balanced program by reducing funding for certain programs—such as solar energy, conservation, fossil energy, and alcohol fuels—while increasing funding for other programs, particularly nuclear energy.

It is the premise of this amendment that we should not use the budget process to fundamentally alter this country's energy policy. Proposals to change radically the levels of Federal support for specific energy programs should receive a full and fair hearing in the proper forum—the appropriations and authorization committees. Our energy policy is of such serious consequence to this country that major changes in it must not be implemented through the back door as part of this reconciliation resolution and instruction.

Our amendment insures continued support of all energy programs, even if at reduced levels, until such time as Congress, after full debate, decides that we should fundamentally alter our energy course. Moreover, it establishes a precedent to guide the Budget Committee and the Senate when we consider the first budget resolution for fiscal year 1982.

The assumptions we have made under this amendment for redistributing the administration's proposed funding cuts to specific energy programs do not bind the committees of jurisdiction. Nevertheless, some possible methods for redistributing the cuts emerge from a quick review of the proposed energy budget. For example, the administration's budget would cut funds for solar energy programs by 16 percent in fiscal year 1981 and 60 percent in fiscal year 1982. It would cut funds for fossil energy programs by 27 percent in fiscal year 1981 and 73 percent in fiscal year 1982. Finally, it would eliminate entirely both the Solar Energy and Energy Conservation Bank and the alcohol fuels loan program.

These are all programs that have contributed significantly to reduced consumption of oil. For example, a Department of Energy study has found that our energy conservation and solar energy programs will reduce oil consumption by 103 million barrels a year—the equivalent of 20 days of oil imports.

By comparison, the administration's proposed energy budget for 1981, 1982, and 1983 would increase funding for a program that will reduce oil consumption by only 4 million barrels a year—the equivalent of less than 1 day of oil imports. The nuclear energy program is increased by 2.5 percent in fiscal year 1981 and by 18.2 percent in fiscal year 1982. The administration's proposal would provide $170 million in fiscal year 1981 and $220 million in fiscal year 1982 to complete the Clinch River breeder reactor—a project that will contribute little, if at all, to the advancement of breeder technology or to our energy security.

I, for one, would like to see funds transferred from the expanding budget for nuclear energy and applied instead to programs that will guarantee more near-term reductions in dependence on foreign oil, such as technologies to promote energy efficiency in residences, commercial buildings, and industry. And I would also remove the safety net from the nuclear industry and place it under the people who will suffer the most from increases in energy prices. The nuclear industry has enjoyed over $12 billion in Federal subsidies since the commercial nuclear power program began 20 years ago.

Such a mature industry should not still need a Federal umbilical cord. Rather than subsidizing the construction of the Clinch River breeder reactor—a welfare project for the nuclear industry—the Federal Government should continue its low-income weatherization program to help truly needy people cope with and adjust to rapidly increasing energy prices.

Although this amendment does not, and cannot, direct the committees of jurisdiction to fund specific energy programs, it does embrace a general theory—that achieving energy security is too important for the future of this country to leave exclusively to the operation of the free market.

The free market does not account for the "cost" of continuing U.S. vulnerability to disruptions in the supply of imported oil. It does not account for revolutions in oil-producing regions, terrorist activities that destroy oil production facilities, or wars between oil producing countries. Finally, the free market does not offer some miraculous divining rod that will discover sufficient energy resources to free us from our dependence on foreign oil.

This amendment seeks, within the administration's proposed reduction in the overall energy budget, to provide a balanced energy program based on a diversity of energy technologies. Failure to maintain such a broad-based program, could well promote energy insecurity rather than energy security.

Madam President, I yield to my colleague from Massachusetts, Senator TSONGAS.

Mr. TSONGAS. This is the first time I have had the occasion to refer to Madam President. I must say it is a pleasure.

Madam President, yesterday I was giving a speech in Geneva to an energy conference convened on the issue of photovoltaics. There was a broad representation of scientists and bankers from around Europe and the United States concerned about the development of solar cells, and they were pressing me about our energy policy in this country and were dumbfounded by our current commitment in terms of this budget.

The question that came up over and over again was this: Why is the United States not reacting to all the scientific data accumulated in the last 2 or 3 years which point to conservation and renewables as very real energy alternatives?

The first report was the Harvard Business School report called "Energy Future." There was a report done by a group called Resources for the Future, one done by the National Academy of Sciences, one done by the Solar Energy Research Institute, one done by the Carnegie-Mellon Institute, one done by the Ford Foundation, and one done by the Office of Technology Assessment. They all said the same thing. So here we are seven studies later acting as if they were never produced.

Who is denigrating conservation and renewables? Not the Europeans, not the Japanese, not the scientific community, not the studies that have been done, not the private sector, but the political structure, and I challenge anyone to come up with a report that has been done in the near term that refutes the

other seven reports to which I have just spoken.

The question is if we are not going to abide or listen to or take stock in such studies, why do we not just stop them? If we are going to react ideologically, then why have the studies in the first place?

Is there any role for scientists to interface with Government? I think there is. I think it is about time we got on to it.

We are going to spend a lot of money in this Congress to provide for national security, and as to 3 to 5 percent real growth in military spending, I agree with that. But the fact is that our vulnerability in national security is the Persian Gulf, and this budget is not going to do anything seriously, short- or mid-term, to deal with this.

It is about time that we in Congress took conservation and renewables seriously. In the best of all possible worlds, we would increase the energy budget dramatically. That is not going to happen, not under this budget anyway.

So then those of us who have advocated what we must have, have done so with the idea that increases will not be dramatic. What we never anticipated was that the decreases there would be dramatic—65 percent in the case of solar, and 74 percent in the case of conservation.

That is why I am pleased to join with Senator HART, Senator GLENN, and 11 others in sponsoring this amendment. It would reduce Federal energy spending as much overall as would the administration's proposed budget.

I would say to the Senator from New Mexico—who is not on the floor—that he and I have teamed up in the past on both conservation and solar energy projects. Inasmuch as this does not have a net spending impact, I hope he will take a very good look at it and be consistent with the very progressive positions he has taken in the past.

This amendment represents fiscal responsibility while maintaining an adequate broad-based energy research and development effort. It represents a serious commitment to cut U.S. dependence on foreign oil as fast as possible, and given the fact that SPRO was defeated in recent votes on the floor, it would seem to me important that there would be some effort toward the mid- and short-term energy dependence situation.

We are seeking to distribute the proposed spending cuts equally among the three functional areas, and I think Senator HART has gone into that in some detail.

Let me speak about some of the details of the studies that have been completed in the past few months. They have shown repeatedly that energy conservation is the fastest and cheapest way to reduce our dependence on foreign oil, and there is not one study that would contradict that fact.

Conservation can and will play a major role in substituting for oil. A study yet to be officially released by the Solar Energy Research Institute shows that national energy consumption could be reduced from today's levels by more than 20 percent by the year 2000, while we maintain a growing, vital economy.

Further, by the year 2000 renewables could provide 20 to 30 percent of the remaining energy demand. Because this scenario does not fit in with the administration's plans, this study has been suppressed.

Madam President, I ask unanimous consent that the executive summary of this study be printed at the end of my statement.

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

(See exhibit 1.)

Mr. TSONGAS. What we need and what the administration's proposal does not provide is a cost-effective and balanced energy program, one that recognizes the need for both long-term, high-risk R. & D. activities and short-term initiatives to reduce the imports of foreign oil;

The need to remove institutional, market, and informational barriers that prevent the rapid penetration of new, cost-effective energy technologies;

The essential role of State and local governments in the formulation and implementation of a national energy policy;

The glaring need for effective emergency planning, including a strong strategic petroleum reserve; and

The need for financial assistance to low- and moderate-income groups that cannot, or are unlikely to, take advantage of energy tax credits.

Further, Federal programs which can and should be supported by the private sector ought to be phased out in an orderly manner rather than abruptly terminated. The administration's proposal to eliminate funding immediately will seriously damage many programs which, given time to adjust, would otherwise be continued by the private sector or by State and local governments.

There are a number of examples where the administration's energy proposals are inadequate:

First, the rescission of the solar and conservation bank moneys at a time when low- and middle-income citizens cannot and are not taking advantage of the residential energy tax credits;

Second, the drastic reduction in R.D. & D. support for the buildings sector even though it is too fragmented to support such work on its own;

Third, the elimination of cost shared R.D. & D. with industry to develop new energy conservation technologies at a time when industry has little capital to support such work alone;

Fourth, the drastic reductions in energy information programs for consumers despite their cost effectiveness;

Fifth, the rescission of alcohol fuels loan guarantees, even though our oil import bill exceeded $90 billion last year; and

Sixth, the elimination of magnetohydrodynamic R.D. & D. despite its high-risk high-payoff potential—in contradiction of the administration's statements in favor of such activities.

There are many such examples. Rather than list all of them, it would be more informative to look at the details of some of those listed above.

SOLAR ENERGY AND ENERGY CONSERVATION BANK

The solar energy and energy conservation bank provides loan and grants for insulation, weatherization, and energy-saving equipment. Incentives vary in value according to income. Legislation for the bank was written for those who would not be expected to take advantage of the 15-percent tax credit for residential conservation or 10-percent credit for businesses. The mix of loans and grants can be varied in the program plan.

The administration has stated that existing energy tax credits and the rising price of energy under decontrol are sufficient to stimulate conservation measures and the use of renewables. That tax credits and rising prices are not sufficient and that the bank is in fact necessary can be seen by the following:

First, many low- and middle-income Americans are unable to invest in conservation or renewables to reduce their home heating and cooling bills because they lack access to capital. Analysis of the 1978 and 1979 tax returns indicates that the tax credits (and thus investments in residential energy conservation and renewable energies) are going primarily to the wealthy. Preliminary analyses of 1979 tax returns show that of those with incomes between $30–$50,000, over 14 percent took advantage of the residential energy credits. Nearly 13 percent of those with incomes of $25–$30,000 took the tax credit. Of those with incomes of $16–$18,000, 7 percent took the tax credit. Just 4 percent of those with incomes of $12–$14,000 took the tax credit. Only 2 percent of those with incomes of $8–$10,000 used the tax credit. Thus, an individual or family with an income of $30–$50,000 was seven times more likely to take advantage of the tax credit than one with earnings of $8–$10,000. Madam President, I ask unanimous consent that a Congressional Research Service memorandum detailing the use of residential energy tax credits be printed in the RECORD at the end of my statement.

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

(See exhibit 2.)

Mr. TSONGAS. Second, the administration projections of energy conservation tax credit claims are twice recent values. In 1978 conservation tax credits were $558 million (covering 20 months), and the estimate for 1979 is $481 million. Yet the administration claims $739 million for 1981 and $799 million for 1982.

Third, energy conservation expenditures are now much less than optimum. The 1978 tax returns indicate an average expenditure of $700. Studies show, however, that the optimum is $2,000 or more with attendant energy savings of 50 percent.

Fourth, even with the administration's optimistic estimate of the number who will invest in residential energy conservation, it will be many years before they are all insulated to the optimum. There are roughly 50 million single-family homes and 25 million residential units in apartments in the United States. In-

vesting $2,000 in each for 50-percent energy savings and receiving $300 credit, with $800 million per year used—the administration predicts that the use will decline after fiscal year 1982—it will take 30 years or more to improve all of them. A 50-percent reduction in heating requirements would have nearly 40 percent of our oil imports—2 mmbbloe/day.

Clearly, the existing rate of investment in residential energy conservation and renewables is too slow, the amounts invested are too low, and lack of access to capital is a significant barrier to all but the wealthy.

The solar energy and energy conservation bank was designed with these problems in mind.

The target of the bank's loans are the low- and middle-income groups. Loans for energy conservation would be available to those with incomes of 120 percent of the U.S. median income or less. Those whose incomes are 80 percent or less of the median would be eligible for direct grants. Further, loan subsidies for passive solar applications which are not covered by tax credits would be available, unrestricted by income.

Loan subsidies of up to $1,250 for a single unit would be available. Although larger investments would be cost effective, this at least provides more capital than is currently being invested.

The tax credit does not reach three groups included in the bank's coverage: Those in rental property, small businesses, and houses built since April 1977. Even if the credit were somehow broadened in coverage, we would still be faced with the fundamental problem with a tax credit: Most consumers do not have the capital to make the initial purchase and wait for a refund.

The bank's legislation is flexible and can be carefully tailored to administration policy. The secretary has broad authority to run this program in an uncomplicated, nonbureaucratic manner that minimizes redtape and maximizes energy savings.

The bank will have a Federal staff of fewer than 25 employees and minimal administrative costs.

The bank is one of the few instruments available to help small businesses achieve energy efficiency. While much is made of the need for productivity incentives in the steel, aluminum, petrochemical or chemical industries, the 7 million small businesses have been largely ignored.

It will assure President Reagan's supporters that he intends to carry out the promises of the 1980 Republican Platform, which reads:

> We believe that the role of government is best performed by structuring the creative cost-effective incentives to achieve energy sufficiency and conservation. . . .
>
> Finally, in conjunction with this all-out production initiative we must strike to maximize conservation and the efficient use of energy.

THE BUILDING SECTOR

The building sector programs include the R.D. & D. on the thermal performance of new building construction techniques, on the thermal performance of various retrofit strategies, and on the use of renewables—particularly solar techniques—to heat and cool buildings. Existing Federal programs spend roughly $1 per year per building in the United States for R.D. & D. to improve their thermal performance and implement renewables, yet these buildings consume, on the average, $1,500 worth of energy per year. Since 50 percent and more of this energy could be saved, there is a clear need for R.D. & D. into the best strategies to save it; which either the Government or private industry must find. A quick look at the industry indicates why the private sector cannot do it alone.

First, the building industry is too fragmented to support R. & D. easily and this fragmentation inhibits information transfer and innovation. The American Institute of Architects (AIA) estimates that the design and construction sector encompasses 1.2 million individual businesses with a total of 10.7 million employees. Of the AIA's member design firms, 77 percent have fewer than nine employees. Further, information derived from buildings R. & D. must be worked up into appropriate design tools for these small firms in order to be useable.

Second, ideas developed by a firm may not benefit the originator as many building design ideas are not patentable. This reduces the incentive to do R. & D. An example might be a slightly different window layout that improves winter solar gain and reduces it in the summer.

Third, the building industry is undercapitalized and faces high interest rates. It cannot take a chance on constructing a building that will not sell or does not perform the way it was intended to.

Finally, the Government has traditionally developed codes and standards for buildings and building components that can be adopted for use voluntarily by the States. This reduces the market dislocation of widely varying standards from State to State, and helps protect consumers against fraud.

Clearly, there is a legitimate role for the Federal Government here and one that has far too much potential for savings to both consumers and the Nation as a whole to shirk.

INDUSTRIAL CONSERVATION PROGRAMS

Industrial conservation programs have the potential of yielding enormous savings. Manufacturing now uses roughly 38 percent of the energy consumed in the United States—30 quads—much of which would be saved. The Solar Energy Research Institute study, which is summarized following this statement, indicates that improved efficiency alone is likely to result in the oil equivalent of 5 million barrels per day savings by the year 2000, or nearly 11 quads per year. These programs are especially worthwhile because of the industrial tax deduction for energy expenses. Every dollar's worth of energy savings saves the Federal Treasury roughly 46 cents—the corporate tax rate. The Government thus should have a strong interest, given existing tax laws, in helping industry to reduce energy consumption.

Under the Federal industrial conservation program, projects are cost shared between the Government and industry to insure continued industrial interest and rapid deployment of new technologies. Many projects include buy-back provisions under which industries return much of the Federal investment when savings begin on successful technologies.

The intent of the program is to foster research and development that is too risky for industry alone, demonstrate the reliability of promising technologies, and provide information as to what is available and what is cost effective in industrial conservation.

This program has proven particularly cost-effective for the Government. Among its many successes are the following:

Successful pilot demonstrations have been completed for the conversion of waste polypropylene to fuel oil. It is now being commercialized with no further Federal assistance. This will save an estimated 2 million barrels annually by the year 2000 on a Federal investment of $552,000.

Using fumes as fuel in paint curing has been demonstrated successfully and is now being commercialized. Total savings to date are more than 4.5 trillion Btu's. The Federal expenditure was a net of $194,000.

Under current economic conditions, however, industries will not by themselves adequately invest in energy conservation despite their recent dramatic energy savings. There are many reasons why.

First, savings to date have been due to housekeeping measures such as adjusting boilers and steam traps, and reducing lighting, and have required little capital or technical input. The next step requires medium range capital investments and new technologies.

Second, capital is limited and energy efficiency improvements must compete with higher labor costs, higher material costs, and overcome the barrier of high interest rates. Capital is more often used to improve the market share. Corporate debt has increased from 20 percent of investment funds in 1975 to 47 percent in 1980. Retained earnings—the chief source of corporate investment funding—has decreased because the depreciation system—the source of half of retained earnings—is based on the original cost of equipment. As inflation drives up the replacement cost of plant and equipment, the value of depreciation allowances does not change and the funding to buy new equipment becomes inadequate. More rapid depreciation (for example, 10-5-3 plan) will provide only half the estimated $20 billion needed for energy conservation improvements and at a cost to the Treasury of $18.8 billion. Further, the 10-5-3 plan will favor capital investment and so decrease funding for research and development. Finally, in recent years 40 percent of all capital investment has been for utility powerplants. If the administration increases the rate of investment as planned, there will not be sufficient capital to renovate and modernize our industry.

Third, energy is often only a small part of the product's cost—even in some energy intensive industries—reducing the incentive to conserve and increasing

the likelihood of passing energy costs directly on to consumers.

Fourth, industry pays less than the marginal cost of energy. Currently the replacement cost for electricity is roughly 60 mils/kWh; industry pays an average of 30 mils/kWh. Further, the Federal Government allows a deduction for energy expenditures that is roughly equivalent to a direct subsidy at the corporate income tax rate of 46 percent.

Fifth, improvements in energy efficiency are made by the dominant industries and are not spread industrywide. Further, without adequate attention to improving the energy efficiency of our industrial equipment and processes we are likely to lose important international markets.

As a percentage of Government research budgets devoted to energy, the United States ranked 13th in 1979 among the 17 members of the International Energy Agency. Sweden spent nine times more than we did; Great Britain three times, and Japan two and a half times.

In 1977, Germany established an energy conservation R. & D. budget, planning to spend approximately $80 million per year. Reviewing price and supply in 1979, they increased spending to nearly $1 billion in 1980.

France—with an industrial sector just 10 percent that of the United States—now spends about $300 million for loans and $150 million for direct subsidies of energy efficiency R. & D.

Sweden—with 8 million people—had provided $112.5 million in grants for energy improvements in industrial processes and commercial buildings by the end of 1979.

Failure to invest in energy-efficient equipment will result in the same kind of market failure by American products as has happened with the automobile. In 1980, for example, there was a 17.5-percent increase in imports of industrial heating equipment.

ENERGY INFORMATION PROGRAMS

Energy information programs inform the public what is possible in energy conservation and the use of new energy technologies. For the free market to function, it is essential that information be available to the consumers. Further, this is a very high leverage way to use Federal dollars. Congressman TOBY MOFFETT, in testimony before the House Subcommittee on Energy Development and Applications on February 26, 1981, pointed out that for the year 1979 the low cost/no cost program cost $2.6 million but the improvements resulting from that program saved $69 million in 1980 and will save $345 million over the next 5 years.

Similarly, energy information programs targeting small manufacturing firms have proven highly effective and have directly saved the Federal Treasury far more than they have cost. Small firms often do not have sufficient resources to develop energy strategies. Helping them save energy directly saves the Treasury money because industry fuel expenses are tax deductible. Every dollar's worth of fuel saved by industry shows up as a 46 cents saving to the Treasury. One of these programs, the energy analysis and diagnostic center shows an annual return on the Government's investment of 121 percent.

ENERGY AND SECURITY

Madam President, we cannot guarantee America's economic and military security under current conditions of energy insecurity. We are depending on the undependable supply of foreign oil. Even absent a cutoff, which OPEC or the Soviet Union could cause, we are paying too high a price for our addiction every day.

I support the President's intention to meet America's energy needs in a fiscally responsible manner. This means respect for market forces, and close attention to cost effectiveness. This means strong support for programs that can cut our energy dependency in the fastest, most cost-effective way. It also means a strong, balanced Federal role in research, development, and demonstration for a variety of technologies that will be the foundation of our energy future. Mr. President, this amendment will allow Government, private industry, community organizations, and private citizens to achieve solutions to the energy crisis as fast as possible, which is as fast as our national security requires.

Mr. TSONGAS. Madam President, I make only one further point. The conference I was at on Monday and Tuesday in Geneva indicated that the United States right now is in the forefront of R. & D. and production for photovoltaic cells. They are looking at a future photovoltaics industry of between $100 billion and $300 billion.

There is beginning to be a great deal of activity in this area, particularly by the Europeans and Japanese, who see the potential and want to take that potential away from the United States.

It seems to me that for a lot of reasons, for our own self-interest and for the overall energy future, this amendment should pass. Let us at least not lose pace with the progress we have made in the past few years.

I commend the Senator from Colorado for his initiative.

EXHIBIT 1

EXECUTIVE SUMMARY OF THE SOLAR/CONSERVATION STUDY BY THE SOLAR ENERGY RESEARCH INSTITUTE

A NEW PROSPERITY: BUILDING A SUSTAINABLE ENERGY FUTURE

I. Introduction

The prosperity of the United States and its industrial allies has been based to a large extent on reliable and inexpensive supplies of oil and gas for the previous half century. Events of the past few years have abruptly called the basis of this wealth into doubt. It is the object of this study to define a more stable foundation for growth in the American economy by examining opportunities for increasing the productivity of energy consumption and for making greater use of renewable energy resources. The results indicate that it is possible to construct a plausible, practical and economically attractive sequence of events that would allow the productivity of the average American worker to increase as fast as it has during the past 20 years, the achievement of a "full employment" economy—and consequently a rapid increase in national income—while reducing national consumption of energy by nearly 25%. Energy from renewable resources could supply 20–30% of the remaining energy demand. It must be emphasized that these are goals and not forecasts. The national benefits of achieving these goals are so enormous, however, that they must be taken seriously and examined with care.

Far from being incompatible with vigorous economic growth, there is reason to believe that the strategy proposed here is essential to maintain such growth. New supplies of oil, gas and coal will, almost without exception, be more expensive than the energy that now fuels the American economy. Increased use of these sources will inevitably raise prices, accelerate inflation, and constrain growth. If proper attention is paid to efficiency, however, the cost of supplying basic energy services can increase much more slowy. For example, efficient cars will mean that American driving habits can be sustained even in the face of increasing gasoline prices; efficient industrial processes will allow continued growth in a way that is relatively independent of unpredictable increases in energy prices; development of low-energy buildings will mean energy prices need not be a barrier to continued growth in the construction of affordable commercial and residential buildings. Given that the nation is likely to spend more than seven trillion dollars for energy during the next twenty years, it is important to ensure that the market can fairly compare investments in energy supplies with investments in increased efficiency and select the most productive use of available capital. The nation cannot afford federal programs which artificially prejudice the choice and risk encouraging relatively inefficient investment.

The energy strategy suggested in this report has an enormous advantage in that it does not rely on any unforeseen technological development or any draconian interference with the market process. It can proceed incrementally in a way that permits constant reevaluation and redefinition, and in a way that permits flexibility to accommodate research triumphs if they should occur. Perhaps the strategy's greatest advantage, however, is that it provides protection against the surprise and uncertainty that will almost certainly dominate the nation's energy future during the next few decades.

Setting Goals and Getting There

The analysis here indicates that by the year 2000 national energy consumption could decrease in all sectors except industry, which shows a slight increase. The consumption of fuels can be reduced to a point where oil imports are eliminated by the end of the century; the consumption of electricity is reduced to a point where, on a national basis, demands through the end of the century can be met with generating equipment now operating or currently in advanced stages of construction.

Renewable resources can play a major role. Hydroelectric facilities and energy derived from wood and other plant material, which contribute approximately 6% of the nation's energy today, are expected to continue to supply the bulk of the nation's solar energy by the end of the century. The potential contribution of direct solar thermal systems attached to buildings and industry is considerable but the total contribution of such systems will be limited by the fact that increases in efficiency will reduce the total national demand for thermal energy.

The role of the federal government in achieving these goals need not be costly or oppressive. Its role can be largely limited to: ensuring that investors have adequate information to make decisions about energy investments; revising existing programs that have the effect of discouraging capital investments in efficiency while subsidizing and

providing regulatory protection for energy supply investments; ensuring that investors have adequate access to capital required for demand-reducing improvements; ensuring the maintenance of a vigorous national research and development program in areas related to energy; and, ensuring that national energy investments are consistent with national interests in environment, equity, and security. The government cannot escape responsibility for national energy policy. Its influence on the economic environment of energy investments will be enormous, whether by design or inadvertence.

Given careful management and planning, the programs outlined in the following sections of this report could allow the federal energy budget to be lower, and federal intervention in the national economy less onerous than in other energy strategies.

Buildings

One would not commonly think of an investment in building insulation as an alternative to an investment in an oil well, but the two kinds of investments can have precisely the same outcome. For example, the equivalent of about 5.4 million barrels of oil per day (MBD) can be "produced" from existing residential buildings and the residential new buildings that are likely to be built during the next two decades at an average cost that is about half of the cost of providing electricity, oil, and or gas to these buildings from new conventional sources.

New residential buildings can be built to use about a quarter of the energy required for heating and cooling by the typical new home built in the U.S. today. New commercial buildings can be built to use about a quarter of the energy per square foot for heating and cooling as the average existing commercial building. This efficiency can be achieved with better insulation, tight construction, storm windows, daylighting, and efficient furnaces and air conditioning equipment. Achieving these savings in standard practice will require well-designed programs of applied research in new buildings and an effective technique for communicating the results of these programs to the nation's building industry and building owners.

Given an aggressive retrofit program it should be possible to reduce the demand for energy used by existing buildings, still standing in the year 2000, by the equivalent of 4.5 MBD. Programs for ensuring that this potential is captured must be entered on the objective of creating profitable businesses capable of delivering technically sound building retrofits. Aiding these emerging businesses will require a national program for applied research in building retrofits which includes examining solar and energy efficiency techniques, supplemented with a program providing information, and training materials.

The energy used to provide hot water, lighting, refrigeration, and other amenities for all residential buildings standing in the year 2000 could be over 1.5 MBD lower than anticipated in conventional forecasts, given an effective program of research and labeling for appliances and comprehensive national standards. (This does not count counting the savings of 1.5 MBD resulting from efficiency improvements in heating and cooling equipment that were included in the savings in heating and cooling.) Costs would once again be much less than the costs of providing the additional energy from new sources of conventional energy.

Even with significantly reduced demand in buildings, renewable technologies could provide them with the equivalent of 2 to 2.5 MBD. Wood stoves, small wind generators, active and passive space heating, solar hot water, daylighting and photovoltaics could provide up to 30 percent of the energy requirements of all buildings by the year 2000.

Industry is already moving rapidly to improve efficiency, but there is much room for improvement in light of the relative inattention given to fuel efficiency before 1973. For example, the performance of industrial mechanical drives can be increased by 23%, the efficiency of delivering heat to industrial processes can be increased by 35% by using improved boilers and controls, and the efficiency of aluminum electrolysis can be improved by 33%.

The estimates above are all relatively conservative because they are based solely on technologies already available. It is likely that much greater savings will be achieved by developing completely new industrial processes, like such as the recently introduced float-glass process, which make more efficient use of capital, labor, and materials as well as energy. It is difficult to forecast such innovations, but they have always emerged and will certainly continue to occur now that more of the national engineering genius is being directed to problems of efficiency.

Programs designed to improve industrial efficiency should concentrate on ensuring that industries have adequate access to the capital needed to improve efficiency and that the market-place receives right price signals by ensuring that industries pay the full cost of the energy they use. This will require an adjustment in the federal tax code to encourage industrial investment. It is particularly important that funds be found to replace the obsolescent plants which now use a large fraction of the nation's industrial energy; a special "scrap and build" program to accelerate the rebuilding of American industrial plants could be funded from any "windfall profits" receipts available from energy decontrols or other sources. In addition, special attention also must be given to encouraging industrial research and to develop new approaches to efficiency. Research facilities are often the first victims of financial hard times, but industrial research is a vital national resource. Tax incentives and other programs are needed to promote industrial investments in new research and subsequent ventures based on such research.

Improved efficiency is likely to result in the equivalent of 5 MBD in industry by the year 2000: about half of these savings would result from the new programs suggested. It would also be possible to provide the equivalent of 5 MBD from national biomass resources (although only half of these resources are likely to be used directly in industry) and as much as 0.5 MBD from direct solar heat.

Transportation

Most of the energy needed for transportation in the U.S. is used in cars and trucks. The fuel economy of the average car on the road in 1978 was is about 14.3 miles per gallon. It should be possible to increase this to 60 mpg or more without major sacrifices in comfort, safety or performance. If the average car on the road in the year 2000 obtains 55 mpg, the nation would consume nearly 3 MBD less gasoline than it does today, even with significant increases in both the population and the miles driven by each person. The average cost of saving this fuel could be less than a dollar a gallon. Improved fuel efficiency can be achieved through increased emphasis on small, efficient engines and with policies for increased performance standards or taxes—for example a "gas guzzler tax" (keyed to high efficiency) and a fuel or petroleum tax. Methanol, and other alcohol fuels derived from biomass could deliver 25–45 percent of the fuel needed to operate the national transportation system by 2000. Use of these fuels can be encouraged with research on methanol production and engines that use methanol, conversion of federal fleets to use methanol, and fuel taxes. Methanol is an attractive synthetic fuel since it can also be produced from coal and natural gas.

The efficiency of national freight services has been declining recently because of a continuing shift from rail to truck freight. This decline in freight service efficiency must be stopped and reversed. Road fees which tax trucks for their full share of road construction and maintenance and a relaxation of the regulations that prevent the rail industry from raising needed revenues are an essential beginning. It should also be possible to increase the efficiency of both aircraft and trucks at least 30 percent with adequate research. Programs to improve freight service efficiency could save 1 MBD by the year 2000.

Utilities

Uncertainties about future energy demands have already greatly complicated the investment strategies of the nation's gas and electric utilities. The problem is particularly difficult for electric utilities since a decision to build a plant which will be under construction for a decade or more requires an accurate forecast of future demand. Many companies have found themselves with expensive overcapacity—the result of overestimating demands. In fact, the nation could support an increase in electric demand of 0.1–0.7 percent per year for the next 20 years even if no plants were brought on line after 1985. 80 percent of all oil and gas burning generating plants are retired and all fossil plants built before 1961 are retired. A growth rate of 0.9–1.5 percent per year could be supported if optimum use is made of the potential for cogeneration in the six major steam consuming industries. The analysis presented in this report, however, suggests that ambiguity about future electric demands is likely to increase rather than diminish. Net national demand for electricity could well grow more slowly than 1.5 percent per year even given a rapid growth in demands for electric vehicles and electrolysis-produced aluminum.

The planning dilemma presented by these circumstances has no easy resolution. The central question is whether utilities should adjust construction programs on the assumption assume that cost-effective demand-reducing investments will succeed in thereby risking possible under-investment in new capacity, or whether they should assume that such investments will not play an important role and run the risk of over-investment. The thesis explored in this study is that the best response to such a complex problem may be to confess that public regulation is unlikely to be able to anticipate an optimum solution and that some move in the direction of deregulation deserves careful attention. Three approaches are examined: (1) establishing rates that send the market proper signals about the real 'marginal cost' of supplying electricity, (2) allowing utilities to expand their investment portfolios to include some investments in energy-saving equipment on their customers' premises (with proper safeguards to prevent unfair exploitation of monopoly power), and; (3) allowing nonregulated companies greater access to markets heretofore reserved to utility monopolies. (The Public Utilities Regulatory Policy Act has already acted to deregulate many promising categories of small electric generating technologies.) Most of these activities must occur at the state level which controls utility regulation. The federal role can be limited to assistance in developing sophisticated planning tools and imaginative management of the federally regulated Federal Power Marketing Administrations.

The role of solar electric generating devices becomes very difficult to anticipate given the uncertainties just described. Solar technologies are examined in this study to determine whether they can be an economically preferred technique for displacing existing oil and gas burning capacity. The analysis indi-

cates that there will be circumstances where solar equipment will be preferred to a coal-burning plant designed for a similar function. As expected, the largest contributions from solar electric equipment are likely to come from additions to the nation's hydroelectric capacity and from wind machines. Photovoltaic equipment, some of which will be located on buildings, will also be a preferred generating source in some circumstances.

Economic Assumptions

In estimating the economic advantages of the technologies selected for inclusion in the goals, conservative estimates were made about potential increases in the price of conventional fuels. It was assumed, for example, that the price of crude oil reaches 40 dollars a barrel in the year 2000 (all costs are stated in 1978 dollars), natural gas prices reach 5 dollars per million BTU (approximately 60% higher than the present cost of Canadian and Mexican gas), and that the price of electricity follows predictions developed using techniques suggested by the Electric Power Research Institute (residential electric prices would increase from 4–5¢/kWh to 7–8¢/kWh by the end of the century).

For illustrative purposes results are also often presented in this report for the alternative assumption that the price of oil reaches 60 dollars a barrel (or under the assumption that the "social cost" of using oil is 60 dollars a barrel even if the actual market price does not reach this level.) Savings would be greater than those projected if oil prices increased in this way.

Goals for National Growth

In assessing the results of the energy strategy contained in this report, it is essential that a distinction be made between growth in artificial measures of progress, such as national consumption of materials and energy resources, and growth in the things that matter—the services such resources provide. This analysis has assumed that the fundamental objective of national policy will be to assure increases in disposable income, employment, the amenities of life, personal freedom, national security, social equity, and the quality of the natural environment. The approach suggested here is fully consistent with sustained growth in these areas; indeed, it is possible that such growth is impossible without the increased productivity that would result from the strategy proposed here.

Meeting the goals that guide the energy strategy suggested here would mean that by the year 2000 per capita income would increase by 45%; the average American would travel 30–70% more miles by car and 60–90% more miles by air; commercial floor space per citizen would increase by 35%; and freight carried by truck and rail for each person would increase by 45%. Achieving the targets for growth in GNP would require reducing unemployment to 4% by 1985 and keeping it at 4% for the remainder of the century. It would also require that the average productivity per worker increase as fast as it has for the past 25 years in spite of the fact that productivity has been growing much more slowly than the 25-year average for the past ten years. (The productivity of an industrial worker in the U.S. increased by 2.69% per year between 1953 and 1968 but only 1.25% per year from 1968 to 1978. This analysis assumes the 1953–1978 average 2.07% per year applies from 1978 through 2000.) Specific goals established for growth are listed in Table 1. It is important to notice that the rates of growth estimated in Table 1 assume that some national demands begin to slacken and are replaced with qualitatively different demands. For example, the gross weight of cement, steel, and other primary materials used in the economy is, like energy, expected to increase more slowly than other measures of economic growth; it appears that more of any increase in the nation's income will be spent on finishing materials and providing services than on the production of the raw materials themselves. This observation is based on a careful examination of national demand for materials during the past decade. (Surely no one would argue that replacing a 30 pound mechanical calculator with a 5 ounce solid-state calculator is not progress.)

Taken together the goals outlined in this study suggest possibilities for an enormous growth in national income over the next two decades. Plainly national energy consumption could be even lower than the levels discussed here if some of the goals for growth are not achieved. It is important, however, that goals set for national energy consumption not be inconsistent with an optimistic set of goals for an increase in the nation's economy. More modest goals could become self-fulfilling prophecies.

TABLE 1.—*Growth rates used in setting goals, a representative sample*

	Ratio of value in 2000 to value in 1977
1. Population	1.17
2. Gross National Product	1.80
3. Floor area of average new housing unit	1.16
4. Floor space in commercial buildings	1.59
5. Fraction of homes with central air-conditioning	1.33
6. Fraction of homes with dishwashers	1.56
7. Fraction of homes with freezers	1.39
8. Fraction of homes with swimming pools	1.59
9. Miles traveled by car (per person)	1.3–1.7
10. Miles traveled by air (per person)	1.6–1.9
11. Freight carried by truck and rail (ton miles)	1.80
12. Freight carried by air (ton miles)	4.0
13. Industrial value added	1.48
14. Tons of primary materials (cement, steel, aluminum, etc.)	1.32

It is also important to understand that the quality of personal life can be increased with the strategies proposed in this analysis in ways that cannot easily be shown in summaries like the one exhibited in Table 1. For example, many Americans now routinely set their thermostats at 60 F throughout the day and are forced to close off parts of their homes during the winter. The analysis conducted for this study assumes that all thermostats are set at 70 F and that no sacrifice is necessary to save energy in homes. In fact, homes will almost always be made more comfortable when they are made more efficient. The quality of the natural environment can be improved in direct proportion to a decrease in the consumption of fossil fuels. Mobility can be increased if efficient cars make it possible for people to keep driving instead of relying heavily on mass transit. Equity can be served by the fact that the growth in services shown in Table 1 can be used to increase the amenities available to low-income families more rapidly than to high income families. A strategy that maximizes energy use efficiently, therefore, has the effect of improving the quality of life rather than decreasing it. Far from requiring sacrifice, it provides more alternatives and more freedom.

The Potential for New Business

Encouraging the nation's industries and buildings to increase their energy productivity will create an enormous array of profitable new businesses. Most of this growth will be straightforward extensions of existing businesses. Although there will be a greater need for the manufacture of a variety of new parts and materials (glass, plastics, insulation, heat exchangers, computer controls, photovoltaic cells, and many others). There will be a greater need for skilled architects, engineers and designers familiar with the subtleties of energy efficiency. Businesses will grow around the need to install, finance, insure, maintain, and operate new energy systems as well as around opportunities to audit existing facilities and undertake retrofits.

The level of incremental investment required during the next twenty years amounts to an impressive sum. Table 2 indicates that the total volume of business in energy efficiency and solar equipment could be in the range of 750–850 billion dollars. This is clearly an enormous number, but to put it in perspective, the total national energy bill in 1980 was about $390 billion. The total investment must also be compared with the investment that would be required in the absence of the programs proposed here. One can take the case of commercial buildings for an example. Later analysis will show that the investment of $110 billion in solar and efficiency equipment in commercial buildings results in a net national savings of at least 7.5 quads of energy per year by the year 2000. If 7.5 quads of energy were generated by new power plants, the capital costs of the plants would be $114 billion (assuming $1000 per installed kilowatt). This does not count the capital needed to maintain the fuel cycle, and it does not include the costs involved in operating the facility over a number of years. The investments in efficiency, of course, have very low operating costs and of course no fuel costs. It is interesting to observe however, that the efficiency investments may actually have a lower initial cost as well.

TABLE 2.—*Incremental investments for efficiency and renewable resources**

[*Billions of dollars*]

1. Buildings:	
a. Residential	
Retrofits	180
New construction	100
Appliances	100
b. Commercial:	
Retrofits	75
New construction	45
2. Industry:	
a. Rebuilding	200+
b. Direct solar heat	5–10
3. Transportation;	
a. rebuilding the automobile industry	10–30+
b. rebuilding the railroads	50+
4. Total	755–790

*Not including investments in biomass or solar electric systems.

Whether or not the nation invests heavily in efficiency for meeting its energy needs, enormous burdens will be placed on national capital resources. In 1977 energy-related investments represented 40% of all funds invested in plant and equipment. Developing programs that will be needed to encourage rates of saving high enough to provide funds for energy investments is one of the major challenges of public policy. Programs designed to encourage savings in efficiency and onsite renewable energy systems, however, will have to respond to another interesting challenge. A successful program will result in shifting the flow of energy related monies from familiar channels (e.g., from Wall Street to a utility company) into less traditional ones (i.e., supplying funds for a retrofit company through a local savings and loan). The full implications of this pluralistic investment scheme have not been fully evaluated.

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The Policy Framework

An array of specific policy recommendations will be outlined in later sections of this report. They will, however, all be designed around the following principles:

Whenever possible, the policies will be designed to remove distortions that prevent the market from making rational decisions about the value of different energy investments. At present, the energy markets are enormously distorted with large federal subsidies to energy supplies (see Table 3). It must be recognized, of course, that the subsidies listed in this table only reflect the costs which can be easily quantified. The federal government has artificially controlled energy prices in many ways not shown: for example, price regulation, federally sponsored insurance, and federal support of research in conventional energy supplies. In the absence of regulatory distortion or energy-saving investments would appear attractive without federal participation (other than information programs), if prices were allowed to follow market forces, since all of the energy savings anticipated in this analysis are justified on the basis of comparison with the cost of new supplies of energy from conventional sources; some intervention would be needed to ensure that externalities were properly accounted. One major advantage of using market forces to guide energy policy is that direct federal expenditures need not be significant—the market could be expected to find financing or justifiable expenditures. Complete deregulation of energy prices is the only sensible long-term objective. Sudden deregulation could, however, be counter-productive. Without adequate information or an adequate industrial base for retrofitting the existing economy with energy-saving equipment, a rapid increase in fuel prices could lead to inefficient investments and unnecessary panic and confusion. Well managed national programs, however, can accelerate investments which will allow a fast but graceful transition to rational energy pricing.

TABLE 3.—*Estimated Federal Government subsidies in support of the routine provision of energy supplies in 1977*

[Million 1977 dollars]

Federal activities:	
Low interest appropriations plus tax exemptions for hydroelectric and transmission facilities [1]	290
Enrichment services [2 3]	180
NRC regulatory costs [2]	146
Privately owned utilities:	
Liberalized depreciation (approximately) [1 2]	2,000
Publicly owned utilities:	
Exemption from Federal income taxes [1]	
Tennessee Valley Authority	130
State power authorities and municipal utilities	80
Rural Electrification Administration (REA)	294
Tax exempt bond subsidies [1]	260
Loans and loan guarantees provided by REA	260
Oil and gas industries:	
Percentage depletion allowance [4]	
Oil	550
Gas	1,150
Expensing of intangible exploration and development costs	
Oil	740
Gas	460
Total	6,540

[1] B. W. Cone *et al.* (An Analysis of Federal Incentives Used to Stimulate Energy Production), second revised report prepared by Dattelle Pacific Northwest laboratory, PNL-2410 Rev. II, February 1980.

[2] General Acounting Office, "Nuclear Power Costs and Subsidies," June 13, 1979.

[3] The subsidy for enrichment services is the estimated difference between what the private sector would have charged and what the government actually charged.

[4] The liberalized depreciation allowance for utilities translates into an outright tax savings (instead of just a deferral) for a utility growing sufficiently rapidly or for a utility that is not growing, as long as there is significant general inflation.

Source: Robert H. Williams, Princeton University. Testimony before the Energy Conservation and Power Subcommittee, U.S. House of Representatives, February 24, 1981.

No distinction should be made in policy between investments that reduce energy consumption at the site of energy use and investments that increase energy supplies. Supply and consumption equipment should be designed as parts of an integrated system for meeting specific end-use energy needs (i.e., transportation); it makes no engineering sense, artificially to stimulate one and ignore the other. Federal programs should be organized to provide symmetry on this issue given that environmental, safety, and other nonmarket factors are adequately taken into account. At present, this symmetry does not exist since federal subsidies to conventional energy supplies far outweigh federal support for the approaches to increase efficiency recommended in this analysis.

While market forces are quite clearly the best mechanism for allocating resources efficiently, they are plainly unable to properly measure the value of such things as environmental quality, national security, the long-term effects and risks of continued dependence on foreign imports, and equity for the poor. The federal government, therefore, has a unique responsibility in ensuring that the market takes these factors properly into account. The technique proposed most often is taxing undesirable activity so that market economics can adjust accordingly; in some instances, however, it has been necessary to suggest regulations which forces changes. A regulatory approach, of course, forces actions which impose costs on some parts of the economy, often in ways that are difficult to measure. (If taxes or regulations are to be imposed, there should be a clear case that the nation is purchasing something of genuine value.)

Programs should be designed to gather information about the success of existing programs and installations, so that mechanisms can be constructed for providing corrective actions on a systematic and regular basis. The value of information about the real performance of energy-consuming and producing equipment is too often underemphasized, for information about the performance of programs has real value in allowing the design of optimized programs, by reducing waste and enhancing effectiveness. A process of constant policy reevaluation and redefinition is necessary for progress.

Programs should be designed to encourage greater competition for energy services. If equipment located in a house or industry can save energy or generate energy from solar equipment more cheaply than a utility can supply energy for equivalent purposes, the basis for utility monopolies can be called into question; in fact existing monopoly regulation may discourage efficient investments. Moreover as much as 10–15 quads/year of natural gas can be saved using the strategies proposed, thereby putting natural gas utilities in a position to compete with electric utilities for many years. The competition will become more intense if efficient cogeneration equipment can be designed for a variety of applications in buildings and industry. The policies examined in this study would allow utilities greater entry into markets for energy equipment on a customer's premises (taking care to ensure that they do not abuse their existing monopoly position) while allowing nonregulated firms greater access to markets to which they had previously been barred by regulation.

In examining the range of projects discussed here, it is important to notice that many, possibly most, of the programs have more to do with people than with things. While continued support of federal and industrial research is plainly important, most of the goals in this study can be accomplished with a direct extrapolation of the characteristics of technologies already in the market. The strategy contained here centers on making information about these technologies available to the people and institutions that could benefit from them and ensuring that they have access to capital supplies adequate to make the proper investments. Despite uncertainties about crucial aspects of the future, the analysis in this report produces significant data on which policy can be dictated. There will always be disagreements about specifics, but a careful review shows that the basis of the goals developed here is very resilient to changes in details.

The new prosperity

Frederick Jackson Turner remarked that the disappearance of the "American Frontier" at the end of the nineteenth century had a profound effect on the national economy as well as on the nation's spirit; there seemed to be nowhere to expand, nowhere to grow. In retrospect, however, it is apparent that reaching the boundary of a geographic frontier launched the American industrial enterprise and an unprecedented century of growth. As the end of this century approaches, the nation appears to have reached the edge of another frontier and the limit of another resource. This time the limit is in materials, particularly domestic sources of oil and gas. The pivotal objective of this work is to show that the limits imposed by these new constraints need not be a barrier to growth in the things which are of real value; rather they can provide a unique opportunity to rebuild the nation's economy on a more productive and sustainable base. Fortunately, there is adequate warning—the change must be rapid but it can be deliberate.

The remainder of this study will argue that imaginative use of technologies available for improving the productivity of materials in short supply, and increasing national use of renewable resources is the cheapest, fastest, and safest strategy for ensuring a sustainable basis for national prosperity through the next century. Part of the process, however, requires overcoming preconceptions about the nature of growth. It makes no more sense to equate an increase in national wealth with a growth in energy consumption at the end of the twentieth century than it did to equate prosperity with continued increase in agricultural lands at the end of the nineteenth century.

POTENTIAL RENEWABLES CONTRIBUTION BY SECTOR

[Primary equivalent in quads]

Sector	Solar thermal	Biomass [1]	Wind	Photovoltaics	Hydro	Total
Buildings	1.9–2.3	1.0	0.8–1.1	0.4–0.7		4.1–5.1
Residential	(1.6–1.9)	(1.0)	(.8–1.1)	(.3–.45)		(3.7–4.45)
Commercial	(.3–.4)			(.1–.25)		(.4–.65)
Industry	.5–2.0	3.5–5.5				4.0–7.5
Agriculture		.1–.7				1.0–.7
Transportation		.4–3.7				.4–3.7
Utilities			.5–3.4		3.4–3.7	3.9–7.1
Total	2.4–4.2	[2] 4.8–10.5	[2] 1.3–4.0	.4–.7	3.4–3.7	[2] 12.3–22.5

[1] Biomass estimates are given in terms of oil displaced, rather than primary biomass supply.
[2] These columns do not add, high end of penetration is limited to less than total of potential applications in end-use sectors.

( ) Not additive within category.

END-USE ENERGY DEMAND POTENTIALS (INCLUDING NO RENEWABLE CONTRIBUTION)

[Quads of oil equivalent displaced]

Sector	1977			2000 potential		
	Fuel	Electric	Total	Fuel	Electric	Total
Buildings	13.2	13.4	26.6	5.5	12.3	17.8
Residential	(8.8)	(7.8)	(16.2)	(3.8)	(7.1)	(10.9)
Commercial	(4.7)	(5.6)	(10.4)	(1.7)	(5.5)	(7.2)
Industry	19.8	9.3	29.1	18.7	10.7	29.4
Agriculture	1.3	.3	1.6	1.4	.3	1.7
Transportation	19.5		19.5	12.6–16.5	(1)	12.6–16.5
Personal	(15.1)		(15.1)	(6.9–10.5)	(1)	(6.9–10.5)
Freight	(4.3)		(4.3)	(5.7–6.0)	(1)	(5.7–6.0)
Total	53.8	23.0	75.1	38.3–42.2	23.7	62.0–65.9

[1] An aggressive rail electrification and electric vehicle prgorams could create between 0.75 and 1.15 quad (primary equivalent) demand for electricity in the transportation sector, with the displacement of 0.46–0.76 quad of petroleum (fuel) demand.

( ) Not additive within category.

EXHIBIT 2

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, D.C., March 12, 1981.

To: Honorable PAUL TSONGAS.
From: Salvatore Lazzari, Analyst in Taxation and Fiscal Policy, Economics Division.
Subject: Residential Energy Tax Credits.
Attention: Sam Baldwin.

This memorandum is provided in response to your request for information on the distribution of various statistics relating to the residential energy tax credit, by income class of U.S. taxpayers. Specifically, your office is interested in the distribution pattern of the number of returns, total expenditures and the amount of tax credit, for returns claiming a residential energy credit under the Energy Tax Act of 1978 (P.L. 96–618) as amended by the Crude Oil Windfall Profits Tax (P.L. 96–223). These data are illustrated in Tables I–VI.[1]

The purpose of this research is to explain the extent to which lower income people are benefiting, relative to middle and upper income groups, by the broad system of energy tax credits for residential energy conservation.

DISTRIBUTION OF THE NUMBER OF RETURNS

Tables I and II present data, for 1978 and 1979 respectively, on the number of returns which reported residential energy expenditures, i.e., expenditures on certain types of energy property which qualified for the tax credit. Column (2) illustrates the number of returns distributed by adjusted gross income.[2] Column (3) shows the number of returns in a particular income class as a percent of the total number of returns which reported residential energy expenditures. Column (4) presents the percentage figures of column (3) cumulatively as income increases.

Three interesting observations may be noted concerning the data in columns (2)–(4) of Tables I and II. The first is in regard to the general pattern of the relationship between income and number of returns claiming a residential energy tax credit. The second observation pertains to the concentration of the number of returns. Finally, the third observation concerns the changing distribution from 1978 to 1979.

The general pattern exhibited by the data in these two columns is that the number of taxpayers reporting residential energy expenditures, (hence, the number claiming a residential energy tax credit) increases in direct relationship to income; as the level of a taxpayer's income increases, the more predisposed was that taxpayer to buy energy property qualifying for energy tax credits. For taxpayers with incomes up to $25,000, there is in Table I virtually a continuous increase in the number of taxpayers claiming a tax credit. For 1978, this pattern peaks at income levels between $20,000–$25,000; it stabilizes up to incomes of $50,000; then it rapidly declines for taxpayers with income above $100,000. In 1979, (Table II) there is an uninterrupted increase up to $50,000 of adjusted gross income.

The second salient feature of these data is the concentration of taxpayers in the "above average" income brackets. Of the 5.9 million taxpayers claiming a residential energy tax credit in 1978, roughly 1.3 million or 22 percent had incomes between $20,000 and $25,000. Further, approximately 3.4 million taxpayers had incomes between $20,000 and $50,000. This group filed 57 percent of all tax returns in which a residential energy credit is claimed. In 1979, the concentration of returns was still in the upper income brackets. Of the 4.9 million returns, roughly 1.2 million or 25 percent were concentrated in the $30,000–$50,000 income class. Taxpayers whose incomes were between $20,000 and $50,000 represented 59 percent of all the tax returns reporting residential energy conservation expenditures in 1979.

A third characteristic evolves from an intertemporal comparison of the distributions in Tables I and II. Between 1978 and 1979 the distribution of returns appears to have changed; relatively more returns are concentrated in the lowest three and upper seven income groups and less in the income classes in between. Figure I shows this comparison. Note the increase from 20.5 percent to 25.3 percent, corresponding to the $30,000–$50,000 income class. Also note the increase from 57 percent to 59 percent for the group between $20,000 and $50,000. This intertemporal change in the distribution of returns in which a residential energy expenditure is reported suggests that of those who claimed energy credits, the propensity of "richer" persons to participate in the energy tax credit program had increased over the two year period.[3]

Perhaps a better understanding of the general pattern and concentration of the number of residential energy tax returns may be obtained if these data were compared with the distribution of all individual income tax returns. After all, if the distribution of returns claiming energy tax credit is patterned as it is reflected in columns (2)–(4) only because the distribu-

[1] The data used in this research are preliminary in that they are based upon a fraction of the sample returns included in final IRS Statistics of Income.

[2] Adjusted gross income is an income concept used by the Internal Revenue Service in reporting data from individual tax returns. It is defined as gross income from all sources subject to tax less certain adjustments. Adjustments to gross income generally encompass costs incurred in earning that income but also include some deductions which have not been permitted to be itemized. (In 1978, there were about 15 such adjustments)

[3] A number of factors may explain both the nature of the distribution in any one year and the changes over time. These are not explored.

tion of all taxpayers is so patterned, then there would be nothing anomolous about it. For 1978 and 1979, the distribution of the total number of returns appears in column (5) of Tables I and II respectively. Columns (6) and (7) show the percent and cumulative percent distribution respectively.

It is immediately clear from inspecting columns (5)–(7) that total taxpayer returns are concentrated at the lower section of the income spectrum. This is in sharp contrast to the pattern of the distribution of taxpayers reporting a residential energy tax expenditure. In fact, a close scrutiny reveals considerable differences. One out of every 10 taxpayers had income below $2,000; while 1 out of every 500 taxpayers who claimed an energy tax credit, had less than $2,000 in income. Of the nearly 90 million individual income tax returns filed in 1978, 60 percent reported income below $14,000, while only 16 percent of the taxpayers claiming a tax credit had income below $16,000.

Perhaps the best way to compare distribution patterns is to calculate the proportion of taxpayers in each income bracket which claimed a residential energy tax credit relative to all taxpayers in that bracket. These data are shown in column (8). The results in column (8) of Tables I and II clearly illustrate that, in general, the percentage of taxpayers claiming a tax credit increased in direct relationship with income. This percentage declines beyond the $50,000 income bracket in 1978 and beyond the $100,000 bracket in 1979 but it is still considerably higher than for the lowest income groups. Specifically, in the very lowest income groups only 13 in 10,000 taxpayers reported a credit in 1978. In the $14,000–$20,000 income brackets 1 in 10 taxpayers claimed an energy tax credit; while in the $30,000–$50,000 range virtually 2 out of 10 taxpayers claimed a credit. Finally, 78 out of 1,000 "millionaires" claimed a residential energy tax credit compared to only 1 in 1,000 for taxpayers below 2,000 in income.

A comparison of column (8) of tables I and II illustrates the changes in the proportion of all taxpayers reporting residential energy expenditures. One change appears noteworthy. A small fraction of taxpayers in almost every income class participated in the energy tax credit program in 1979. For example, in 1978 18.6 percent of all the taxpayers with incomes between $30,000 and $50,000 reported expenditures compared to only 14.3 in 1979. This reflects the fact that fewer returns reported energy expenditures in 1979 than in 1978. (1978 returns reflected participation by taxpayers making expenditures after April 1, in 1977.)

DISTRIBUTION OF TOTAL EXPENDITURES ON QUALIFYING RESIDENTIAL ENERGY CONSERVATION PROPERTY

Tables III and IV present the distribution by income class of the aggregate amount of expenditures for property (equipment and devices) which is permitted a residential tax credit.[4] Additionally, column (5) illustrates the distribution of the average expenditure, i.e., expenditure per return. Table III presents the 1978 data; Table IV presents 1979 data.

As expected, the distribution of total energy saving expenditures for residences follows the pattern of the distribution of the number of returns. Since there are a relatively larger number of returns in the upper income groups, there tends to be a commensurately larger number of expenditures in this group. However, there is another factor which tends to increase the concentration of expenditures in the upper income groups; the typical higher income taxpayer tends to spend more for energy savings devices than other taxpayers. This is true for both years and is shown in column (5) of Tables III and IV.

DISTRIBUTION OF THE AMOUNT OF TAX CREDIT

The final two tables, Tables V and VI illustrate the amount of tax credit claimed (column (2)), and the amount actually received (column (5)), for various income categories. These tables illustrate quite clearly that most of the residential energy tax credits are being claimed and received by higher income groups. Moreover, in 1979 the distribution appears to be more concentrated in these groups. For example, in 1978 taxpayers with income below $20,000 received 33 percent of the credits (column (7)) compared to 30 percent in 1979. A dramatic change in the distribution has occurred in the $20,000–$50,000 income classes. In 1978 22 percent of the credits were received by taxpayers in the $20,000–$25,000 income class, compared with only 16 percent in 1979. This decrease was offset by an increase from 23 percent to 28 percent in the tax benefit to taxpayers with incomes between $30,000–$50,000. The patterns in these data are the direct consequence of the results in Tables I–IV which show that a relative larger number of higher income taxpayers tend to: 1) report residential energy expenditure; and 2) to spend more on average. It follows quite directly that the amount of tax credits claimed would also be concentrated in the upper income groups.

Tables V and VI also illustrate that the amount of tax benefit actually received is even more concentrated in higher income groups.[5] This may be seen by comparing columns (2)–(4) with columns (5)–(7) in each table. Columns (2)–(4) show the extent to which lower income groups claimed credits. For example, taxpayers with incomes below $6,000 claimed $9.8 million in credits in 1978 and $13.3 million in 1979. This represented 1.7 percent and 2.7 percent of all credits in 1978 and 1979 respectively. However, this group received only $5.2 million or 53 percent of the credits they claimed in 1978. Both the amount and proportion declined dramatically in 1979 to $3.8 million or 29 percent of tax credits actually claimed.

[4] Under current law, there are several types of property or products which qualify for a tax credit. These include such items as insulation, storm windows and doors, caulking, a furnace replacement burner, a device for modifying flue openings, an electrical or mechanical ignition system which replaces a gas pilot light, an automatic energy saving thermostat, a meter which displays the cost of energy usage on items which have been qualified by the Secretary of Treasury through regulations to meet certain efficiency standards.

[5] The amount claimed and the amount received may differ as a consequence of a clause which makes the residential energy tax credit non-refundable, i.e., it can only be used to the extent of a taxpayer's tax liability.

TABLE I.—DISTRIBUTION OF TAX RETURNS REPORTING RESIDENTIAL ENERGY EXPENDITURES: PRELIMINARY 1978 DATA

Class size of adjusted gross income (1)	Number of returns in which a residential energy expenditures is reported (2)	Percent of total (3)	Cumulative percent of total (4)	Total number of returns (5)	Percent of total (6)	Cumulative percent (7)	Percent of all taxpayers claiming a residential energy credit (8)=(2)−(5)
Under $2,000	11,562	0.19	0.19	9,048,077	10.07	10.07	0.13
$2,000 to $4,000	16,836	.28	.47	9,260,108	10.30	20.37	.18
$4,000 to $6,000	80,637	1.36	1.83	8,400,764	9.35	29.72	.96
$6,000 to $8,000	159,378	2.68	4.51	8,263,096	9.19	38.91	1.93
$8,000 to $10,000	226,322	3.81	8.32	6,943,938	7.72	46.63	3.26
$10,000 to $12,000	201,916	3.40	11.72	6,096,515	6.78	53.41	3.31
$12,000 to $14,000	260,889	4.39	16.11	5,603,534	6.23	59.64	4.66
$14,000 to $16,000	385,693	6.49	22.60				
$16,000 to $18,000	434,603	7.32	29.92	13,976,304	15.55	75.19	9.48
$18,000 to $20,000	504,671	8.50	38.42				
$20,000 to $25,000	1,282,484	21.59	60.01	8,554,843	9.52	84.71	14.99
$25,000 to $30,000	885,577	14.91	74.92	5,384,966	5.99	90.70	16.45
$30,000 to $50,000	1,216,809	20.48	95.40	6,534,412	7.27	97.97	18.62
$50,000 to $100,000	245,348	4.13	99.53	1,468,912	1.63	99.60	16.70
$100,000 to $200,000	39,842	.67	100.00	285,161	.32	99.92	13.97
$200,000 to $500,000	6,781	.11	100.00	60,075	.07	99.99	11.29
$500,000 to $1,000,000	657	.01	100.00	6,872	less/.01	100.00	9.56
$1,000,000 or more	164	less/.01	100.00	2,092	less/.01	100.00	7.84
Total	5,940,169	100.00	100.00	89,889,669			

TABLE II.—DISTRIBUTION OF TAX RETURNS REPORTING RESIDENTIAL ENERGY EXPENDITURES: PRELIMINARY 1979 DATA

Class size of adjusted gross income (1)	Number of returns in which a residential energy expenditure is reported (2)	Percent of total (3)	Cumulative percent of total (4)	Total number of returns (5)	Percent of total (6)	Cumulative percent (7)	Proportion of all taxpayers reporting residential energy expenditure (8)=(2)−(5)
Under $2,000	12,477	0.25	0.25	8,332,939	9.00	9.00	0.15
$2,000 to 4,000	18,609	.38	.63	8,641,224	9.33	18.33	.22
$4,000 to $6,000	87,303	1.78	2.41	7,940,028	8.57	26.90	1.10
$6,000 to $8,000	99,240	2.03	4.44	8,310,772	8.97	35.87	1.19
$8,000 to $10,000	154,406	3.15	7.59	7,262,975	7.84	43.71	2.13
$10,000 to $12,000	173,600	3.54	11.13	6,215,865	6.71	50.42	2.79
$12,000 to $14,000	225,800	4.61	15.74	5,648,520	6.10	56.52	4.00
$14,000 to $16,000	272,901	5.57	21.31	4,975,186	5.37	61.89	5.49
$16,000 to $18,000	312,170	6.37	27.68	4,591,030	4.96	66.85	6.80
$18,000 to $20,000	317,711	6.48	34.16	4,388,106	4.74	71.59	7.24
$20,000 to $25,000	861,020	17.57	51.73	9,009,213	9.73	81.32	9.56
$25,000 to $30 000	792,215	16.17	67.90	6,314,184	6.82	88.14	12.55
$30,000 to $50,000	1,237,290	25.25	93.15	8,659,236	9.35	97.49	14.29
$50,000 to $100,000	279,731	5.71	98.86	1,880.485	2.03	99.52	14.88
$100,000 to $200,000	46,313	.95	99.81	353,950	.38	99.90	13.08
$200,000 to $500,000	8,287	.17	99.98	78,910	.09	99.99	10.50
$500,000 to $1,000,000	835	.02	100.00	10,054	.01	100.00	8.31
$1,000,000 or more	246	less/.01	100.00	3,542	less/.01	100,00	6.95
Total	4,900,152	100.00	100.00	92,616,215	100.00	100.00	

TABLE III.—RESIDENTIAL ENERGY EXPENDITURES SUBJECT TO A TAX CREDIT: PRELIMINARY 1978 DATA

Class size of adjusted gross income (1)	Total expenditures (thousands) (2)	Percent of total (3)	Cumulative total (4)	Average expenditure for energy conservation return (5)
Under $2,000	$7,962	0.19	0.19	$683
$2,000 to $4,000	13,453	.32	.51	799
$4,000 to $6,000	53,467	1.28	1.79	663
$6,000 to $8,000	104,786	2.49	4.28	654
$8,000 to $10,000	149,180	3.55	7.83	657
$10,000 to $12,000	134,730	3.20	11.03	652
$12,000 to $14,000	175,343	4.17	15.20	654
$14,000 to $16,000	237,453	5.65	20.85	645
$16,000 to $18,000	267,651	6.36	27.21	599
$18,000 to $20,000	316,309	7.52	34.73	626
$20,000 to $25,000	883,572	21.01	55.74	680
$25,000 to $30,000	587,193	13.96	69.70	657
$30,000 to $50,000	952,010	22.64	92.34	755
$50,000 to $100,000	252,141	6.00	98.34	973
$100,000 to $200 000	56,550	1.34	99.68	1,327
$200,000 to $500,000	12,043	.31	99.99	1,638
$500,000 to $1,000,000	1,357	.03	100.00	1,862
$1,000,000 or more	438	less/.01	100.00	2,260
Total	4,205,636	100.00	100.00	708

TABLE IV.—DISTRIBUTION OF RESIDENTIAL ENERGY EXPENDITURES: PRELIMINARY 1979 DATA

Class size of adjusted gross income (1)	Total expenditure (thousands) (2)	Percent of total (3)	Cumulative percent of total (4)	Average expenditure per return (5)
Under $2,000	$13,260	0.38	0.38	$1,063
$2,000 to $4,000	16,439	.47	.85	900
$4,000 to $6,000	54,160	1.56	2.41	620
$6,000 to $8,000	56,216	1.62	4.03	566
$8,000 to $10,000	109,801	3.16	7.19	711
$10,000 to $12,000	108,531	3.13	10.32	625
$12,000 to $14,000	146,066	4.21	14.53	647
$14,000 to $16,000	188,358	5.43	19.96	690
$16,000 to $18,000	208,274	6.00	25.96	667
$18,000 to $20,000	214,129	6.17	32.13	674
$20,000 to $25,000	523,733	15.09	47.22	608
$25,000 to $30,000	563,483	16.23	63.45	711
$30,000 to $50,000	940,333	27.08	90.53	760
$50,000 to $100,000	262,995	7.58	98.11	940
$100,000 to $200,000	59,820	1.72	99.83	1,292
$200,000 to $500,000	13,769	.40	100.00	1,662
$500,000 to $1,000,000	1,739	less/.05	100.00	2,083
$1,000,000 or more	613	less/.01	100.00	2,492
Total	3,471,868		100.00	709

TABLE V.—DISTRIBUTION OF ENERGY TAX CREDITS: PRELIMINARY 1978 DATA

Class size of adjusted gross income (1)	Total residential energy credit claimed (thousands) (2)	Percent of total (3)	Cumulative percent of total (4)	Total residential energy credit actually used (thousands) (5)	Percent of total (6)	Cumulative percent of total (7)	Percent of claimed credit which was actually used in 1978 (8)=(2)−(5)
Under $2,000	$1,064	0.18	0.18	$1	less/.05	less/.05	0.09
$2,000 to $4,000	1,791	.30	.48	245	less/.05	less/.05	13.68
$4,000 to $6,000	6,950	1.18	1.66	4,926	.86	.86	70.88
$6,000 to $8,000	14,787	2.51	4.17	12,022	2.10	2.96	81.30
$8,000 to $10,000	19,959	3.39	7.56	17,901	3.12	6.08	89.69
$10,000 to $12,000	18,824	3.20	10.76	17,372	3.03	9.11	92.29
$12,000 to $14,000	26,050	4.43	15.19	25,533	4.46	13.57	98.02
$14,000 to $16,000	32,948	5.60	20.79	32,179	5.62	19.19	97.67
$16,000 to $18,000	39,126	6.65	27.44	38,174	6.64	25.83	97.57
$18,000 to $20,000	43,840	7.46	34.90	43,446	7.58	33.41	99.10
$20,000 to $25,000	124,174	21.12	56.12	123,691	21.59	55.00	99.61
$25,000 to $30,000	82,438	14.02	70.14	81,946	14.30	69.30	99.40
$30,000 to $50,000	133,854	22.76	92.90	133,584	23.31	92.61	99.80
$50,000 to $100,000	33,764	5.74	98.64	33,624	5.87	98.48	99.59
$100,000 to $200,000	6,847	1.16	99.80	6,809	1.19	99.67	99.45
$200,000 to $500,000	1,371	.20	100.00	1,366	.24	99.91	99.64
$500,000 to $1,000,000	148	less/.05	100.00	147	less/.05	less/.05	99.32
$1,000,000 or more	47	less/.05	100.00	47	less/.05	less/.05	100.00
Total	587,984	100.00	100.00	573,014	100.00	100.00	

TABLE VI.—DISTRIBUTION OF ENERGY TAX CREDITS: PRELIMINARY 1979 DATA

Class size of adjusted gross income	Total residential energy credit claimed (thousands)	Percent of total	Cumulative percent of total	Residential energy credit actually used in 1979 (thousands)	Percent of total	Cumulative percent of total	Proportion of credits actually used in 1979
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(2)—(5)
Under $2,000	$2,201	0.45	0.45	0	0	0	0
$2,000 to $4,000	1,860	.38	.83	0	0	0	0
$4,000 to $6,000	9,212	1.87	2.70	$3,808	.81	.81	41.3
$6,000 to $8,000	9,388	1.90	4.60	6,949	1.48	2.29	74.0
$8,000 to $10,000	16,595	3.36	7.96	14,495	3.08	5.37	87.4
$10,000 to $12,000	15,669	3.18	11.14	13,971	2.97	8.34	89.2
$12,000 to $14,000	21,163	4.29	15.43	19,800	4.21	12.55	93.6
$14,000 to $16,000	25,644	5.20	20.63	24,015	5.11	17.66	93.7
$16,000 to $18,000	30,901	6.28	26.91	29,696	6.32	23.98	95.9
$18,000 to $20,000	29,803	6.04	32.95	29,106	6.19	30.17	97.7
$20,000 to $25,000	75,901	15.39	48.34	74,851	15.93	46.10	98.6
$25,000 to $30,000	77,790	15.77	64.11	77,209	16.43	62.53	99.3
$30,000 to $50,000	130,581	26.46	90.57	130,056	27.68	90.21	99.7
$50,000 to $100,000	37,118	7.52	98.09	36,500	7.77	97.98	98.3
$100,000 to $200,000	7,633	1.55	99.64	7,589	1.61	99.59	99.4
$200,000 to $500,000	1,548	.31	99.95	1,522	.32	99.91	98.3
$500,000 to $1,000,000	197	.04	99.99	195	.04	99.95	99.0
$1,000,000 or more	66	.01	100.00	66	.01	100.00	100.0
Total	493,266	100.00	100.00	469,927	100.00	100.00	

Mr. HART addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. I yield to the Senator from Ohio.

Mr. GLENN. I thank the distinguished Senator.

Madam President, I rise in support of this amendment to the second concurrent resolution on the budget for fiscal year 1981. As stated, the purpose of this amendment is to provide greater program balance and equity than the funding level established by the Budget Committee.

Let me first state, Madam President, that this amendment will not remedy what I see to be the greatest defect of the administration's revised budget for energy—namely, the large cuts in energy research and development. If I could have had my way on this matter, I would prefer that the funding be tilted more heavily toward energy research and development activities. However, I do recognize the need to achieve a balanced budget as quickly as possible, as well as provide for more equity and for a better balance between near-term and far-term energy efforts. It is, then, in the spirit of comity and compromise that I lend my support to this measure.

Madam President, I have been appalled by the wholesale cutting of our energy programs, and, in particular, our programs in energy research and development. This process begins with the fiscal year 1981 budget, and is exacerbated considerably in the fiscal year 1982 budget.

I ask unanimous consent to insert eight tables for the RECORD. These tables show the impact of the administration's revised budget request for fiscal years 1981 and 1982 on programs in the budget functional areas of energy supply research and development, energy conservation, and fossil energy. The figures quoted in the table are those provided by the administration on March 10, so there will not be a 1-to-1 correspondence between these numbers and those prepared by the Congressional Budget Office. However, I believe these tables will help to illustrate a number of points.

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

ENERGY SUPPLY RESEARCH AND DEVELOPMENT, FISCAL YEAR 1981

[In millions of dollars]

	Jan. 15 submission	Revised request	Difference	Percent change
Program:				
Solar	576	507	−69	−12.0
Geothermal	156	142	−14	−9.0
Nuclear fission	1,002	1,166	+164	+16.4
Magnetic fusion	394	383	−11	−2.8
Electric energy systems	40	35	−5	−12.5
Energy storage systems	72	52	−20	−27.8
Hydropower	22	−3	−25	−113.6
Environment	237	227	−10	−4.2
Supporting research and technical analysis	295	290	−5	−1.7
Subtotal	2,794	2,799	+5	+.02
Less adjustments	−11	−39	−28	−254.5
Total, energy supply R. & D	2,783	2,760	−23	−.08

ENERGY CONSERVATION, FISCAL YEAR 1981

	Jan. 15 submission	Revised request	Difference	Percent change
Research and development:				
Buildings and community systems	88	56	−32	−36.4
Residential/commercial systems	26	6	−20	−76.9
Industrial	54	43	−11	−20.4
Transportation	108	81	−27	−25.0
Conservation multi-sector	26	26	0	0
Subtotal, conservation R. & D	302	212	−90	−29.8
Grant programs:				
State and local	453	336	−117	−25.8
Energy impact assistance	62	10	−52	−83.9
Subtotal, grant programs	515	346	−169	−32.8
Total, conservation	817	558	−259	−31.7

FOSSIL ENERGY, FISCAL YEAR 1981

	Jan. 15 submission	Revised request	Difference	Percent change
Coal:				
Mining R. & D	48	40	−8	−16.7
Coal liquefaction	521	353	−168	−32.2
Surface gasification	159	65	−94	−59.1
In-situ gasification	10	10	0	0
Advanced research and technology development	46	46	0	0
Advanced environmental control technology	43	40	−3	−7.0
Combustion systems	36	36	0	0
Heat engines and heat recovery	36	31	−5	−13.9
Fuel cells	32	32	0	0
Magnetohydrodynamics	67	61	−6	−9.0
Program direction and capital equipment	22	22	0	0
Subtotal, coal	1,020	736	−284	−27.8
Petroleum:				
Enhanced oil recovery	18	16	−2	−11.1
Advance process technology	4	4	0	0
Oil shale	32	32	0	0
Drilling and offshore technology	2	2	0	0
Program direction	1	1	0	0
Subtotal, petroleum	60	55	−2	−3.3
Gas: Enhanced gas recovery	31	28	−3	−9.7
Fossil commercialization	20	12	−8	−40.0
Total fossil energy	1,131	834	−297	−26.3

ENERGY SUPPLY RESEARCH AND DEVELOPMENT, FISCAL YEAR 1981—Continued

[In millions of dollars]

	Jan. 15 submission	Revised request	Difference	Percent change
ENERGY SUPPLY R. & D., ENERGY CONSERVATION, AND FOSSIL ENERGY, FISCAL YEAR 1981				
Program:				
Energy supply R. & D.	2,783	2,760	−23	−.08
Conservation R. & D.	302	212	−90	−29.8
Fossil R.D. & D.	1,111	822	−289	−26.0
Subtotal, R.D. & D.	4,196	3,794	−402	−9.6
Conservation grant programs	515	346	−169	−32.8
Fossil commercialization	20	12	−8	−40.0
Subtotal	535	358	−177	−33.1
Total	4,731	4,152	−579	−12.2
ENERGY SUPPLY RESEARCH AND DEVELOPMENT, FISCAL YEAR 1982				
Program:				
Solar	584	193	−391	−67.0
Geothermal	91	48	−43	−47.3
Nuclear fission	959	1,247	+288	+30.0
Magnetic fusion	506	460	−46	−9.1
Electric energy systems	39	10	−29	−74.4
Energy storage systems	60	39	−21	−35.0
Hydropower	3	0	−3	−100.0
Environment	280	231	−49	−17.5
Supporting research and technical analysis	396	334	−62	−15.7
Subtotal	2,918	2,562	−356	−12.2
Less adjustments	0	0	0	0
Total, energy supply R. & D.	2,918	2,562	−356	−12.2
ENERGY CONSERVATION, FISCAL YEAR 1982				
Research and development:				
Buildings and community systems	99	31	−68	−68.7
Residential/commercial systems	31	0	−31	−100.0
Industrial	52	1	−51	−98.1
Transportation	122	38	−84	−68.9
Conservation multisector	32	18	−14	−43.8
Subtotal, conservation R. & D.	336	88	−248	−73.8
Grant programs:				
State and local	539	107	−432	−80.1
Energy impact assistance	47	0	−47	−100.0
Subtotal, grant programs	586	107	−479	−81.7
Total, conservation	922	195	−727	−78.9

	Jan. 15 submission	Revised request	Difference	Percent change
FOSSIL ENERGY, FISCAL YEAR 1982				
Coal:				
Mining R. & D.	30	22	−8	−26.7
Coal liquefaction	886	106	−780	−12.0
Surface gasification	219	54	−165	−75.3
In-site gasification	11	9	−2	−18.2
Advanced research and technology development	63	68	+5	+7.9
Advanced environmental control technology	46	27	−19	−41.3
Combustion systems	77	39	−38	−49.4
Heat engines and heat recovery	29	16	−13	−44.8
Fuel cells	29	29	0	0
Magnetohydrodynamics	60	0	−60	−100.0
Program direction and capital equipment	15	11	−4	−26.7
Subtotal, coal	1,465	381	−1,084	−74.0
Petroleum:				
Enhanced oil recovery	23	21	−2	−8.7
Advance process technology	4	5	0	0
Oil shale	27	17	−10	−37.0
Drilling and offshore technology	0	0	0	0
Program direction	2	2	0	0
Subtotal, petroleum	58	44	−12	−20.7
Gas: Enhanced gas recovery	29	11	−17	−58.6
Fossil commercialization	20	5	−15	−75.0
Total, fossil energy	1,572	441	−1,131	−71.9
ENERGY SUPPLY R. & D., ENERGY CONSERVATION, AND FOSSIL ENERGY, FISCAL YEAR 1982				
Program:				
Energy supply R. & D.	2,918	2,562	−356	−12.2
Conservation R. & D.	336	88	−248	−73.8
Fossil R.D. & D.	1,572	435	−1,136	−72.3
Subtotal, R.D. & D.	4,826	3,086	−1,740	−36.1
Conservation grant programs	922	195	−727	−78.9
Fossil commercialization	20	5	−15	−75.0
Subtotal	942	200	−742	−78.8
Total	5,768	3,286	−2,482	−43.0

Mr. GLENN. Mr. President, first, I would note that energy supply research and development programs are cut by about 0.1 percent in fiscal year 1981 and over 12 percent in fiscal year 1982, while energy conservation is reduced by nearly 32 percent in fiscal year 1981 and almost 79 percent in fiscal year 1982. Fossil energy is cut by 26 percent in fiscal year 1981 and 72 percent in fiscal year 1982. This compares with the overall cut for these three budget functional areas which amounted to over 12 percent in fiscal year 1981 and 43 percent in fiscal year 1982. This clearly demonstrates the lack of equity. Furthermore, the energy conservation functional area, which can provide us with the greatest amount of supply in the form of energy savings in the near term, is reduced by the largest percentage—nearly 32 percent in fiscal year 1981 and almost 79 percent in fiscal year 1982. This clearly illustrates the lack of balance in the cuts between the near-term and long-term efforts.

Madam President, what distresses me the most about the revised budgets for fiscal years 1981 and 1982 is that funding for energy research and development—and here I am excluding the conservation grant and fossil commercialization programs—is reduced by about $177 million, or nearly 10 percent in fiscal year 1981 and by $742 million, or more than 36 percent in fiscal year 1982 from the levels in the January 15 budget submission. I believe that, rather than taking this step backward, we should be moving forward to provide more support in this vital area.

Why, one might ask, should the Government provide for more energy R. & D. when the mood of the Nation would seem to dictate that we reduce the Federal presence? Why should energy R. & D., or R. & D. in general, be exempted? The simple answer is that private markets do not produce an adequate level of R. & D. One of the main reasons for this is the nonappropriability of benefits of basic scientific knowledge. Much energy R. & D. cannot be protected adequately by patents. Consequently, any one researcher is not able to gain exclusive use of beneficial knowledge he or she may develop and is not able to charge a price to those who wish to use this knowledge. In addition, energy R. & D. produces net benefits to the Nation as a whole, but private markets do not require free riders to adequately compensate those who perform the R. & D. for the benefits received. Therefore, without Government participation and support, too little R. & D. will take place.

One of the energy R. & D. areas I believe has been seriously underfunded is energy storage. Energy storage technologies act as bridges or buffers between energy supply systems and energy demand systems. Economic energy storage would have a nearly incalculable impact on our long-term energy supply picture by allowing us to substitute coal and nuclear energy for oil and natural gas. We could also take advantage of renewable and inexhaustible energy sources such as solar, wind, and tidal energy by spreading the supply of these intermittent sources over a 24-hour period.

Utilities could use their facilities much more efficiently and halt the current practice of building baseload electrical capacity to meet rising peak demand—an extravagant and inappropriate use of our scarce financial and technological resources, and a major contributor to the upward spiral of electricity rates. The administration has turned its back on this promising R. & D. area, however, by slashing the fiscal year 1981 budget for

energy storage by $20 million, or nearly 28 percent, and in fiscal year 1982 by $21 million, or 35 percent.

Unfortunately, this assault on energy storage R. & D. is not an isolated case. We see this process repeated in many other promising areas of energy R. & D. For example, solar R. & D. is being cut by 12 percent in fiscal year 1981 and by 67 percent in fiscal year 1982. Energy conservation R. & D. is being cut by nearly 30 percent in fiscal year 1981 and almost 74 percent in fiscal year 1982, and coal R. & D. by nearly 28 percent in fiscal year 1981 and over 72 percent in fiscal year 1982.

Madam President, one of the most eloquent passages on the benefits of R. & D. has been provided by George Gilder on page 224 of his best seller entitled "Wealth and Poverty":

WEALTH AND POVERTY

R. & D. benefits not only the company pursuing it but also competitive firms, and indeed the entire economy, since most discoveries can be initiated and lead to other inventions and applications. Roger Brinner of Data Resources reports that the total private and social rate of return on investment in R. & D. is, according to different assumptions, between 17 and 25 percent. Most productivity studies attribute at least half of all U.S. productivity growth to technological advance. Between 1950 and 1974 high-technology companies grew about twice as fast as the rest of the economy, while showing a rate of price increase only one-sixth as great. The correlation between rapid growth of earnings and low growth of prices is so high as to be a virtual law of economics.

The combination of research and enterprise is the supreme source of productivity and wealth. Without this catalyst, stable prices will mean poverty and decline. With it, rising prices will be a manageable problem. A prime measure in any serious effort to retard inflation must be a drive radically to expand our now declining levels of prime investment in this seminal area. Heavy investment credits and other subsidies for R. & D. merely compensate for the necessary market failure to measure broad social returns.

I might note as an aside, Madam President, that the Director of the Office of Management and Budget, David Stockman, has been quoted as saying that Mr. Gilder's work is "promethean in its intellectual power and insight." I hope that Mr. Stockman will reread page 224 before he agrees to further indiscriminate slashing of R. & D. funding.

Madam President, I would like to add that when we had Mr. Frank DeGeorge, acting Assistant Secretary for Conservation and Renewable Energy, before the Senate Appropriations Committee on March 11 of this year, he presented some budget figures as part of his testimony to the committee that I find absolutely startling.

In fiscal year 1982, for example, we originally were going to have a budget that put a total of about $777 million into solar and renewable energy research and development which will give us future independence from our current reliance on oil and gas. It was cut by the administration's proposal in the amount of about $484 million, or 62 percent, at a time when we are sending nearly $100 billion a year abroad to the OPEC nations, and yet we say we cannot afford to do more R. & D. in solar energy, geothermal energy, hydropower, electrical energy systems, and the most important one, to my way of thinking, energy storage R. & D. that is needed to help make this country energy independent in the future.

If I had one energy wish that I could have granted before noon today, it might surprise you what it would be. It would not be that I find an oil well in my back yard. It would be that we would have better electrical energy storage in this country. We cannot pick up a science magazine these days without reading about new energy sources such as windmills and photovoltaic cells, and so forth. Why are we not using these? Because the wind does not always blow and the Sun is not shining when I want to turn my TV set on at night.

Our problem is that we cannot store all that tremendous amount of electrical energy for later use. Massive electrical energy storage is what we need in this particular case.

We also need compact electrical energy storage, such as advanced batteries, that would let us have the world's first practical electrical automobile. We need concentrated electrical energy storage that would give us not only the 200-mile warm-weather range we probably need, but also the 100-mile cold-weather range that we need when the batteries are operating at only about half capacity.

Some private concerns are doing development in that area, but not nearly enough. I tried for 3 years to get the Carter administration to increase their budget in that particular area, and I managed to get it increased by a small amount. Now we find it decimated once again. In fiscal year 1982, energy storage is being reduced from a total of only $59 million to $39 million—a cut of $20 million.

We are going in the wrong direction. We are maintaining our dependency on oil and gas at a time when we should be doing the R. & D. to get away from that dependency.

Two Japanese firms I know of, from talking to staff people of the Japanese Minister of International Trade and Industry, are making it a top priority to develop electric automobiles.

I would say to this body that if we let the Japanese or Germans beat us to the world's first practical electric automobile—an electric automobile that could supply the market for that 92 percent of the noncommercial driving done within 20 miles of our homes—then we will not only be debating bailout funds for Chrysler or other domestic automakers in this body, we will be debating funding to make Detroit some great national park on a scenic river. That is what we could be coming to.

Yet we are cutting the very funds that are elemental and fundamental toward doing the research that would let us have better electrical energy storage.

Some progress has been made along these lines. I would say the NASA Lewis Lab at Cleveland has done a remarkable thing on a few hundred thousand dollars; not even $1 million. On a few hundred thousand dollars they have developed a system called "Redox" that has tremendous potential for storing large amounts of electrical energy. I might note that they did some of the work on Redox with students from Cleveland State University, since they were so strapped for funds.

The Redox system is basically a battery whose anode and cathode consist of fluids separated by a membrane. You can store electrical energy in these fluids and get 70 to 75 percent of the stored energy back out again. That is a very, very important development, and I want to see that go ahead.

So, Madam President, I think it is atrocious that we are cutting back on energy R. & D. This proposal by the distinguished Senator from Colorado that I support fully does not go far enough to my way of thinking. I would like to see more funding applied to energy R. & D., in particular.

I just hope that the Energy Committee can take this into consideration, because what we are spending on energy R. & D. is a pittance compared to what we need in this area.

If we ever hope in the future to get energy independence or at least lessened dependence on oil and gas, it is going to come not because we sat around wringing our hands into the future with our grandchildren, hoping for the best, but because we started right now doing the energy R. & D. that can give us that potential for the future. Unless we do that, we are going to still be having problems generations from now.

I would like to conclude my remarks by stating that I fully recognize the need for budgetary restraint in these inflationary times. But let us not be penny-wise and pound-foolish by trying to achieve fiscal frugality by mortgaging our future. There are indeed many areas where it is necessary and desirable to reduce Federal involvement and presence. But R. & D. in general, and energy R. & D. in particular, is one area where even greater Government involvement and support is clearly justified. In today's world, America's military and economic strength largely depend on the strength of our efforts in R. &. D. Failure to meet this challenge is the surest and fastest way to forfeit our claim to world leadership. It is just that simple.

I thank the distinguished Senator for yielding. I yield the floor.

Mr. HOLLINGS. Madam President, so I will not take the time from the amendment itself. I yield myself a few minutes on the resolution.

The amendment of the distinguished Senator from Colorado is a very important initiative. We are in a nebulous juxtaposition as the Budget Committee. We do not line itemize and there is no intent here to line itemize.

Furthermore, we do not have an authorizing bill from the Energy Committee and we have not had an authorizing bill in energy in the past couple of years.

And yet, to take the administration's

figures on their face value leaves a tremendous vacuum with respect to solar, conservation, fossil fuels, the matter of alcohol fuels, and the other products that we started into when we changed around with the windfall profit tax last year and enacted the Energy Security Act.

Some of these are arguable on payouts. I know that the majority of those supporting the Hart initiative would put less into nuclear. I could understand that from a certain standpoint.

The question is, of course, if you are going to put more in breeder reactors, then why put it into an archaic, antique, outdated system at Clinch River?

If we go forward and complete the Clinch River breeder, I am told on reliable and expert information that it would be some 20, if not 30, years behind the French and the Russian breeder program. At best, if we are going on that particular basis, we ought to, on the one hand, import a French Phoenix, or otherwise start now with the most advanced and competitive type breeder so that it would be ahead of even the French upon completion.

The administration's support of nuclear energy has been called by the distinguished Senator from Colorado as a CETA program for nuclear engineers. And he has not been much off target on that particular score.

I, of course, have an immediate concern with respect to reprocessing. While they are putting in more money for nuclear, the very basic need for reprocessing in order to support the breeder technology is not cared for in the administration's budget. We will have time to get into the merits of the reprocessing issue and how various administrations over the past 15 years not only prompted and encouraged reprocessing but induced it by almost giving the landsite and everything else. As for the reprocessing facility at Barnwell, S.C., now that we are ready to go and to complete it as a complement to the Clinch River breeder reactor, we have no funds requested by the President. They are saying in one breath that we ought to go breeder but not reprocessing. It is a rather nebulous position to be in.

In addition, there is no money whatsoever in the Reagan budget for disposal of nuclear waste. And this is the real fundamental or important problem associated with the development of nuclear energy.

So what the distinguished Senator from Colorado has done is put everyone on notice that we have not, on the one hand, line itemized, but we have not, as robots, come in and said "whoopie" for the administration's energy program.

On the contrary, that will be debated out in the first concurrent resolution and be debated out more specifically within the Energy, the Appropriations, and Agriculture Committees themselves.

So I would hope our colleagues would look seriously at this. While it changes only a minimal amount around, it opens a question for the Congress with respect to energy itself and whether or not we are really going to follow through with the fine initiatives on conservation, gasohol, solar, fossil, and more particular a balanced approach to nuclear energy, which I support.

Quite frankly Mr. President, I do support the breeder, but not Clinch River. If they add an amendment to reduce support for this project, I do not mind knocking it out, I can tell you that here and now. That is a very controversial, at best, subject. I take it that the Senator from Colorado has wisely left that out of the debate. I do not mean to inject it here and form divisiveness and lose votes for the Senator's proposal. But I cannot just sit here and act like that is a good proposition, on the one hand, and yet say that breeder technology is bad in and of itself, on the other.

I believe in reprocessing. I believe in the nuclear approach. Forty percent of the energy in my particular State comes from nuclear and that helps South Carolina be very competitive industrially. If we are going to go to reindustralization, if we are going to compete with the West Germans, the Japanese, we must support nuclear energy. Even the Saudis are going for nuclear and everything else despite their abundance of oil because they see the sense in this particular approach.

So I commend the Senator from Colorado in keeping this subject fluid so that we can use judicious judgment when it comes before us and the members in the Energy Committee when they debate this issue in an authorizing bill. I support very strongly this amendment.

Mr. HART addressed the Chair.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from Colorado.

Mr. HART. Mr. President, I thank the Senator from South Carolina for his support and his eloquent statement.

We have 4 minutes remaining in support of the amendment. I wonder if the Senator would yield 5 minutes to the Senator from Massachusetts.

Mr. HOLLINGS. Mr. President, I yield 5 minutes to the Senator from Massachusetts off the resolution itself.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, as we confront the budget today we should never forget that concealed among the cold numbers are political statements that say as much about our views as any speech.

Smaller energy budgets are forcing Washington to face the bigger questions. The most important of these is—what is the purpose of Federal energy spending?

Over the past 10 years, a broad national consensus has emerged that we must increase energy security by reducing the amount of oil the United States imports from abroad. This agreement on policy was forged through three administrations—two Republican and one Democratic—and has been the cornerstone of our national energy policy.

The Reagan administration has explicitly rejected reduction of oil imports as a goal of Federal energy spending. Instead, the Reagan administration argues that Federal energy spending should focus on "long-term research and development activities * * *"

This chart behind me indicates the difference between the Carter administration recommendations and the Reagan administration recommendations.

Let me direct my colleagues' attention to the chart I have behind me because it illustrates graphically what I believe is wrong with the priorities in the President's energy budget:

Cuts in spending for fiscal year 1981–fiscal year 1982.

Solar and conservation—cut 75 percent.

Nuclear—increased 30 percent.

Programs that can cut oil imports in the near future—cut 75 percent.

Programs that will have no impact on oil imports—increased by 30 percent.

This chart indicates that in 1985, if we did not have that 74-percent cut in conservation and solar programs the best projection, according to the Department of Energy is that 103 million barrels would have been saved. With nuclear funding increased by 30 percent in 1985, the best estimate is that 4 million barrels will be saved. If it is assumed that the Clinch River breeder reactor is built and displaces imported oil.

This is precisely what is wrong with the President's budget. It completely eliminates oil import reduction as a goal of Federal spending.

I would like to point out to my colleagues that the approach this administration is following directly contradicts the conclusions of the research and development panel of DOE's prestigious energy research advisory board, which concluded that conservation funding should be increased "several fold." Yet the administration is cutting it by 75 percent.

This expert group recommended reducing spending for breeder reactors, but the administration increased breeder reactor funding by 44 percent and nuclear funding by 30 percent.

This energy budget is ignoring the energy security needs of our Nation and the advice of the top energy experts in the Nation.

The administration's energy spending programs are not only misdirected, they are anachronistic.

The fusion and the breeder reactor programs are hand-me-downs from the 1960's that have acquired independent bureaucratic and industrial constituencies. When they were first conceived, the United States could pump all the oil we needed and utility companies were planning massive electrical construction programs. Today, the energy situation is exactly the opposite—we are importing $30-per-barrel oil and electricity demand is hardly growing.

It is ironic—and telling—that the Reagan administration is seeking to dismantle the social programs of the 1960's while at the same time spending unprecedented amounts on the energy programs of the 1960's. The irony is that the social problems that spawned the social programs are still with us. But the energy conditions that spawned their favored energy programs—low oil prices and a growing demand for electricity—are long gone.

Today these expensive nuclear electric projects have become classic white elephants:

The payoff, if any, is far off and unpredictable:

These projects call for massive Federal spending to find alternatives to coal.

It is hard to understand why the Federal Government, in an era of drastically tightened budgets, should be spending billions of dollars over the next decade to try to create a substitute for coal—our most abundant domestic energy resource.

When he was a Congressman, OMB Director Stockman urged his colleagues to turn away from Federal subsidies for nuclear power. These payments from the Treasury to private industry, Stockman said, were the antithesis of the free market. He described one key nuclear project—the Clinch River breeder reactor—as a "test" of Republican principles. The new Reagan budget is committed to spending $1.6 billion on this project over the next 5 years.

An energy policy that slashes funds for the programs that save the most energy while lavishing billions on nuclear white elephants squanders Federal energy resources. It also raises questions about the fairness of these Reagan budget cuts. Should job training programs for the poor be abolished while CETA programs for nuclear engineers are expanded?

Energy security today is the essence of national security. And energy security is a matter of using our resources to the best advantage to reduce imports. It makes no sense to spend billions to subsidize redundant nuclear power research while we spend billions more to import OPEC oil.

It seems to me that this amendment would not move us in the complete direction that I would favor, but it is a very substantial redirection of the Federal spending in the energy area and puts the resources in the area where we can back off the most imported oil, I also think it puts the resources in the areas of research which holds the greatest promise for our country in the short, medium, and long term. I would hope the Senate will accept the amendment.

The PRESIDING OFFICER. The Senator from South Carolina.

Who yields time?

Mr. HOLLINGS. I yield time on the resolution to the Senator from Washington.

Mr. DOMENICI. I also yield time to the Senator in opposition.

Mr. JACKSON. Mr. President, I understand the intention of this amendment would be to change the instructions to the Senate Energy Committee regarding the required reductions in budget obligations and budget authority. Although the changes would be in the total amounts for the committee and would, therefore, not specifically increase or reduce any particular program amount, I also understand that the sponsors of the amendment do relate these new totals to a particular breakdown among energy subfunctions.

When the Energy Committee in its report to the Budget Committee endorsed the administration's total request for the energy function, the Energy Committee observed that it did not endorse the administration's detailed program breakdown and that it would address the matter in subsequent legislative action. The Energy Committee will arrive at program amounts in its action on the reconciliation bill and on the Department of Energy authorization bill for fiscal year 1982.

Similarly, the Energy Committee is not bound by the breakdown assumed by the Budget Committee in developing the instructions set forth in the resolution now before the Senate.

Mr. President, I believe that the apportionment of available funds among programs should be reserved to the committees of jurisdiction and arrived at in an orderly manner and with adequate consideration.

Therefore, I cannot support this amendment. I do not believe that the changes in the resolution's total which are being proposed are significant or meaningful in any policy sense, and I certainly cannot agree that the Senate, by adopting the amendment to the totals, would either formally or informally preempt the Energy Committee in its future consideration.

Mr. HART. Mr. President, I yield myself 2 minutes from the resolution to respond to the Senator from Washington.

I am afraid the Senator from Washington may be confused about the effect of this amendment because its practical effect is, in fact, to do just the opposite of what the Senator says.

This amendment would provide the Energy Committee greater flexibility rather than less flexibility in the administration of outlays and expenditures for energy programs. The entire purpose of this amendment and its wide range of sponsors is to expand the authority and recognize the jurisdiction of the Committee on Energy to keep alive a wide variety of energy options which Congress, in a bipartisan fashion, under three administrations, has adopted over the past number of years.

Based upon what the Senator from Washington says in his capacity as ranking member of the Committee on Energy, I am afraid he may be misinformed as to the practical outcome of this amendment and its effect. It would be just the opposite of what the Senator from Washington fears in his statement.

Mr. JACKSON. Will the Senator yield?

Mr. HART. Yes, I yield.

Mr. JACKSON. Mr. President, there is no need for this amendment if we want to leave to the committee the current authority that it has as this matter is now being presented to the Senate. We went through this in the committee when the recommendations were made on the budget. There is no need for this amendment. There are no restrictions in terms of what we can do in the committee, but, as I interpret the amendment, we would be restricted. It is a matter of judgment.

Mr. HART. Mr. President, I yield myself 1 more minute on the resolution.

The budget proposals of the administration, as adopted by the Budget Committee, severely restrict or terminate a wide range of energy conservation, fossil fuel, alternative energy supply programs that, as I have indicated, have been adopted by Congress in the past. The fact of the matter is that if the Budget Committee's proposal is adopted and this amendment is rejected, those programs will be severely restricted or terminated and the energy options of this country will be severely restricted.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I regret having to oppose this amendment but, basically, the effort here is correctly stated by the distinguished Senator from Washington (Mr. JACKSON). This amendment is basically saying that they are putting back budget authority—in fact, my arithmetic would indicate $650 million in budget authority—for the years 1981, 1982, and 1983. It is obvious from the statement that the reason they are putting back the budget authority is that they intend the Energy Committee to retain two or three programs that the Energy Committee might not want to continue and that, as far as the administration's policy is concerned, they have indicated they are not going to retain.

Their sheet indicates they are going to retain $1 billion in budget authority for the solar energy and energy conservation bank; $1.2 billion in budget authority to provide loan guarantees under the various alcohol fuel programs. That budget authority is spread out between the Agriculture and the Energy Committees.

In essence, Mr. President, when you look at all that, you want to understand that, while budget authority does not have any immediate impact, if you put that much budget authority in, you are basically changing the whole policy. You are providing enormous budget authority in the outyears that is going to naturally flow from this decision. In fact, we have estimated that the outyear budget authority that is going to be required for this kind of policy is well over $1 billion—$1.2 billion.

Once you put that in there, there is no assurance what that is going to be used for. It is additional budget authority. But then, when you read the sense of the amendment, the proponents are saying—

If they are going to cut 15 percent, for instance, in renewables, the sense of this amendment is that they have to cut 15 percent in the other programs they have—be it nuclear, be it research in coal saying, "We don't trust the Energy Committee. If they are going to cut, we want them to cut the way we think they ought to cut."

In other words, for the first time, if this amendment passes, we shall really be saying to the Committee on Energy, "You have to cut programs on a percentage basis because we do not trust the way you are going to cut them and we are afraid that you are not going to leave in enough of the programs we like."

I think that is it in a nutshell, Mr. President. I really urge that we not do this, regardless of whether we support the programs or not. It seems to me that to say to an Energy Committee that has been highly responsive, that has distinguished Senators with tremendous experience and expertise, "We have found a way in this reconciliation approach to make sure that if you cut, you do not

cut the programs that we like, or if you do, you have to cut the other programs in equal amount."

I think that is basically the thrust of this amendment, whether it is 10 percent or 15 percent. My estimate is that we are really saying 15 percent. You are saying, "If you are going to cut 15 percent, you have to make sure that you only cut 15 out of the programs we like and take it out of programs that we do not like."

Mr. President, I urge that the Senators vote against this as a matter of budgetary policy with reference to an authorizing committee of the U.S. Senate; we ought not do this.

If we do not like the administration's program on the solar bank, the conservation bank, and those kinds of things, the authorizing committee ought to cut something else. But this amendment tries to tie their hands and say, "Do not cut mine any more than you cut any others," and asks the U.S. Senate, by switching some budget authority numbers around, to be part of that instruction or mandate to the committee.

I say, Mr. President, that they have latitude. Yes, that committee is being squeezed, in particular, because of the SPRO decision—there is no question about that. But I think we have trusted that committee implicitly before, and we should continue to do so.

This is not going to be the end of the world. They are going to have to do some adjusting. But I think we ought to let them do it. We ought not to do it through the back door this way. I really think that is the full intent of this amendment, regardless of what they say about budget authority. The proponents of this amendment suggest that the budget authority will not spend out and we have really just plugged it in because it is a loan guarantee program and there are not any outlays. The intent is rather obvious: To balance the numbers so that you tie their hands in terms of cutting the programs an equal amount to make room for the programs that the proponents of the amendment think are far more important than what they think the Energy Committee might prefer.

Mr. President, I yield as much time to the chairman of the committee as he desires.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I rise in opposition to the amendment. The amendment, as I understand it, proposes to add budget authority of $2 billion in fiscal year 1981 mostly and over $700 million in outlays in fiscal year 1982 and outyears, in the energy function. It is argued to have the effect of shifting funds between subfunctions within the energy function in the form of a series of changes in assumptions.

Here is where I run into a great deal of difficulty, Mr. President, accepting the argument that, somehow, while the assumptions that the Budget Committee has made, which are not binding, are wrong, now we shall bind the committee by a series of assumptions based on the amendment. They cannot have it both ways.

The changes in assumptions appear to attempt a symbolic restoration of cuts in the solar, energy conservation, and fossil energy programs at the expense of other programs.

The Energy Committee, on March 19, voted 19 to 1 for the McClure motion for the committee's March 15 report to the Budget Committee. The motion adopted the Reagan aggregate budget numbers in the energy and natural resources functions. Importantly, the motion affirmatively reserved the prerogative of the committee to make future programmatic decisions on areas in its jurisdiction for both the energy function and the natural resource function. I would note for the record that several of the cosponsors of this amendment voted for my motion in committee.

Mr. President, the Senate, based on votes yesterday, thus far has rejected any restoration of funds for the $3 billion cut for SPRO, including my amendment. Consequently, the Energy Committee must face even more difficult and hard decisions on program options. I also note that several of the cosponsors of this amendment, indeed the majority of the cosponsors, opposed the SPRO amendments. So it is quite clear that the Energy Committee deserves the prerogative to consider options for the remaining funds for the energy and natural resources functions. That is also true for the Agriculture Committee and the Appropriations Committee.

I note that the ranking minority member of the committee, my good friend from Washington (Mr. JACKSON), joins me in this view, as he has already stated on the floor.

I note for the record that I also am chairman of the Interior Appropriations Subcommittee. That subcommittee has jurisdiction over SPRO and other Department of Energy programs in the fossil, energy conservation, and energy regulation areas within the energy function, as well as the Department of the Interior programs in the natural resource function. The Reagan budget, in fact, makes significant reductions in each of those energy and natural resource program areas. Just as for the Energy Committee, however, my Appropriation Subcommittee should have complete latitude under this reconciliation resolution to fashion the final program adjustments. At this early stage of the process, the Senate should not attempt to dictate that result.

We should be responsible enough here to allow the appropriations process within the reconciliation to proceed without the prejudgment proposed in the amendment. The amendment increases the totals for the Appropriations Committee, the Agriculture Committee, and Energy and Natural Resources Committee jurisdictions and that is all it does. The amendment is purported to assume that we will restore $1 billion for the yet-to-be established solar energy and energy conservation bank and almost $1 billion for the alcohol fuels subsidy program. The Senate, three times in the past 24 hours, has rejected any—any—restoration of funds for the strategic petroleum reserve, our highest priority energy program, even with full offsets. How can we adopt an amendment premised on these assumptions?

I want this body to know that this Senator was, in fact, a principal sponsor of the alcohol fuels program in the Energy Security Act—in committee, on the floor, and in the conference, I fought for that title of the act. This Senator also was a principal sponsor of the original amendment in the Appropriations Committee to fund the solar energy and energy conservation bank.

I also helped create and fund for the past 8 years the geothermal program supported by these amendments. And I fought to create and fund several of these conservation programs—including overriding the veto of a President from my own party. And I have fought for years, as well as the last 4 days here, for the strategic petroleum reserve. So, I know these programs and I have fought for these programs in the past. This is not and should not be the issue here today. The Senate today should refuse to effectively line item the energy function by prejudging the mix of options to be chosen in function 270.

The Senate Energy and Natural Resources Committee supported functional totals proposed by President Reagan. The committee fully intends to act within the President's functional limits when reporting authorizing legislation. I can also confirm that the Interior Appropriations Subcommittee will attempt to do the same thing. Consequently, I urge the Senate today to reject this amendment and preserve our full latitude and prerogative to fashion the appropriate and necessary programs to accomplish that objective.

I know it has been argued—and can well be argued—that if we reject the subfunctional assumptions, as I think we should, the amendment simply adds to the total and therefore gives the committee greater latitude. On that point, I would agree. The amendment would give us more latitude, more elbowroom, to do a greater variety of different alternative things at higher levels of funding.

That question must be decided not on the basis of what the Energy Committee shall do but on what the Energy Committee may do within the constrictions of a budgetary exercise which is designed to try to reduce the threat and burdens of inflation, economic recession, and unemployment that have been attendant to high levels of Federal expenditures in the past.

Mr. HART. Mr. President, I will yield to the Senator from Arkansas and the two Senators from Montana, but first I yield myself 2 minutes on the resolution.

First of all, I have just heard the Senator from Idaho argue both sides of

the case. On the one hand he says that this amendment would restrict the Energy Committee. Yet, he ends his argument by saying that this amendment, in fact, would increase the latitude of the Energy Committee. I am not quite sure which of those is his argument.

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

Mr. HART. Second, Mr. President, to complete my thought, there is absolutely no basis in fact for the Senator to argue that this is going to increase outlays by $700 million. There is absolutely no basis for that argument.

The amendment, as it clearly states, and as the Senator well knows, is going to hold spending at the same level the President provides.

Mr. President, to counter the argument made by the Budget Committee chairman and the Senator from Idaho, I ask unanimous consent to have printed in the RECORD pages 18 and 19 of the committee's report and pages 82 and 83 of the committee's report, to illustrate the fact that the Budget Committee's resolution and the arguments made by the two Senators rest on assumptions that would lead to the termination of a variety of energy programs and restrict the authority of the Energy Committee to keep those programs alive.

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

RECONCILIATION SUMMARY

[In millions of dollars]

Proposals considered by the committee	FY 1981 BA	FY 1981 O	FY 1982 BA	FY 1982 O	FY 1983 BA	FY 1983 O
President:						
1. Export-Import Bank	−752	−41		−118		−230
2. National Science Foundation	−82	−35		−31		−11
3. DOE alcohol fuels	−740	−12		−6		−1
4. USDA alcohol fuels	−505	−3		−54		−86
5. Solar and other energy supply	−141	−51		−78		−12
6. Solar Energy and Conservation Bank	−1,000	−10		−50		−130
7. Energy conservation	−254	−26		−146		−66
8. Synthetic fuels	−547	−150		−325		−72
9. Fossil energy	−73	−35		−36		−2
10. Park programs	−293	−54		−116		−74
11. Youth Conservation Corps	−38	−30		−8		
12. EPA wastewater treatment grants	−1,700	−8		−121		−374
13. Postal Service	−250	−250				
14. National Consumer Cooperative Bank	−90	−36		−48		−6
15. HUD self-help and planning assistance grants	−42	−4		−34		−3
16. HUD rehabilitation loans	−111	−64		−70		
17. Economic Development Administration	−342	−10		−130		−97
18. Regional commissions	−131	−10		−57		−49
19. Energy impact assistance	−52	−4		−24		−12
20. TVA	−177	−40		−50		−40
21. Impact aid	−67	−54		−13		
22. CETA-PSE	−234	−134		−100		
23. Vocational education	−239	−20		−167		−52
24. Elementary and secondary education consolidation	−1,360	−128		−932		−300
25. Alcohol, Drug Abuse and Mental Health Administration	−153	−29		−109		−15
26. Health professions education	−227	−24		−113		−72
27. Health planning	−24	−7		−12		−5
28. Subsidized housing	−5,099	−2		−40		−70
29. VA medical facility construction	−162	−10		−42		−80
30. Miscellaneous small rescissions proposed by the President	−788	−302	−43	−404	−52	−133
Total, President	−15,673	−1,583	−43	−3,434	−52	−1,992
Other:						
31. Export-Import Bank	−248	−39		−65		−38
32. Postal Service	−161	−161				
33. SBA business loans—reduction	−46	−5		−2		
34. SBA business loans—direct loan elimination	−49	−34		−12		
35. Community development support	−300			−98		−128
36. Economic Development Administration	(+171)			(+50)		(+57)
37. Juvenile justice assistance, research and statistics, corrections	−17	−9		−6		−2
Total, other	−821	−248		−183		−168
Total, Appropriations Committee	−16,494	−1,831	−43	−3,647	−52	−2,201

COMMITTEE ON ENERGY AND NATURAL RESOURCES

The Committee recommends that the Committee on Energy and Natural Resources be instructed to change authorizations so as to require reductions in appropriations to achieve savings of $2,071 million in budget authority and $106 million in outlays in 1981; $3,714 million in budget authority and $3,404 million in outlays in FY 1982; and $3,660 million in budget authority and $3,628 million in outlays in FY 1983.

In arriving at this recommendation, the Committee's working assumptions were the levels recommended by the President except for the reduction of payments in lieu of taxes, and except that the Committee assumed that additional savings beyond those proposed by the President could be achieved by implementation of an alternative financing mechanism for the strategic petroleum reserve.

The following is a listing of the proposals the Committee considered in arriving at its recommendation:

REDUCTIONS IN DIRECT SPENDING

[In millions of dollars]

Proposals considered by the committee	FY 1981 BA	FY 1981 O	FY 1982 BA	FY 1982 O	FY 1983 BA	FY 1983 O
President:						
None						
Total, President						

REDUCTIONS IN DIRECT SPENDING—Continued

[In millions of dollars]

Proposals considered by the committee	FY 1981 BA	FY 1981 O	FY 1982 BA	FY 1982 O	FY 1983 BA	FY 1983 O
Other:						
1. Federal land shared receipts	−245	−244	−280	−280		
Total, other	−245	−244	−280	−280		
Total, reductions in direct spending	−245	−244	−280	−280		

REDUCTIONS IN AUTHORIZATIONS

[In millions of dollars]

Proposals considered by the committee	FY 1981 BA	FY 1981 O	FY 1982 BA	FY 1982 O	FY 198 BA	FY 198 O
President:						
1. DOE alcohol fuels	−740	−12		−6		−1
2. Solar energy and conservation bank	−1,000	−10		−50		−130
3. Youth Conservation Corps	−38	−30	−60	−60	−60	−60
4. Park programs	−293	−54	−654	−288	−500	−437
5. Payments in lieu of taxes			−36	−36	−36	−36
Total, President	−2,071	−106	−750	−440	−696	−664
Other:						
6. Strategic petroleum reserve—private financing			−5,871	−3,906	−3,910	−4,360
7. Payments in lieu of taxes			−45	−45	−45	−45
Total, other			−5,916	−3,951	−3,955	−4,405
Total, reductions in authorizations	−2,071	−106	−6,666	−4,391	−4,651	−5,069

Mr. HART. Mr. President, I yield no more than 10 minutes on the resolution to the Senator from Arkansas.

Mr. BUMPERS. Mr. President, I am on the Energy Committee, and this amendment does not restrict the Energy Committee in any way. It simply says that the Senate feels that the priorities should be slightly different from those recommended by the President.

I point out, first, that Mr. Stockman, who is Director of OMB, stated that overall budget reductions are necessary to restore the economy and that the specific cuts recommended by the President are not particularly significant, and the amendment is consistent with that position.

The Secretary of Energy testified before our committee—that his budget is designed to remove the Department of Energy from commercialization activities in order to concentrate on "long-term, high-risk" technologies.

This statement is contradicted by the budget itself, because it still provides $250 million for the Clinch River breeder reactor project, which Mr. Stockman has described as a commercialization activity. The Secretary of Energy has acknowledged that the French have advanced well beyond this technology. Yet, we are going to start spending $250 million on what certainly will be a $2 billion expenditure. An accomplished technology is neither long term nor high risk. It is simple foolishness, prompted by blind nationalistic bravado, to spend an additional $2 billion in the next decade to develop a technology which has already been developed.

It is also inconsistent to declare that the Government should not be involved in commercialization activities when it is involved in identifying appropriate methods to dispose of commercial wastes. The Government clearly has a duty to protect present and future generations of Americans from the ill effects of commercial wastes. Still, their safe storage and disposal must be regarded as the primary duty of the enterprises which profited from their use. It is plainly a cost of doing business, and they should bear it.

This inconsistency is cruel, because these programs are to be funded when other deserving program are not. For example, the low-income weatherization program is to be transferred to the community development block grant program, but no weatherization money is transferred, and the overall CDBG program is to be cut by 25 percent, to reflect alleged efficiencies in administration.

Whatever money which might be made available for weatherization would not reach the rural areas in States like mine where it is most necessary, because the CDBG program is oriented to urban areas and has no way of reaching rural areas. In Arkansas, for example, only 35 of the 75 counties now have a mechanism for delivering CDBG funds. What will the other counties do? They will do without. There is no money and no mechanism.

Since there are many States which are more rural than Arkansas, it is obvious that an orphaned weatherization program would not be able to weatherize the rural homes which need it most.

Similarly, the low-income fuel assistance will be merged with a block grant program without additional funding to compensate for rising fuel prices caused by decontrol of domestic oil prices. Thus, this administration has raised fuel bills by decontrolling oil prices and now it proposes to emasculate the programs which are necessary to alleviate the suffering caused by that action.

This proposed energy budget further compounds this punishment by proposing to eliminate the solar bank. Mr. Stockman and the Secretary of Energy both have attempted to justify that proposal by saying that people will rely on the solar and conservation tax credits, so the bank is supposedly unnecessary. Nothing could better illustrate the hypocrisy of these energy budget changes, because our experience clearly shows that people of median and below median incomes are simply unable to avail themselves of the tax credits. For example, in 1979, taxpayers with an adjusted gross income of less than $12,000 filed only 11 percent of all the tax returns on which residential energy expenditures were reported, even though they filed over 50 percent of all returns filed.

Also these people claimed an average expenditure for energy weatherization of $657, but people with adjusted gross incomes of over $50,000 claimed an average expenditure of $1,010, which is 54 percent greater.

Of the people with adjusted gross incomes of less than $4,000 who claimed residential energy expenditures in 1979, none of them could actually use them, because their tax liability was so low, so none of them could even qualify for a tax credit. In sum, only a small proportion of low-income taxpayers were able to use the energy tax credits and even those few credits which were claimed were substantially less than those claimed by high-income taxpayers. The solar bank would cure this deficiency by providing median and low-income taxpayers the same benefits already enjoyed by high-income taxpayers. Therefore, failing to fund the bank will discriminate against people with below median incomes, in the cruelest way possible. With one hand, the administration has increased fuel bills, and, with the other, it has reduced or eliminated the programs necessary to soften the impact of the increase upon the poor. At the same time, it has preserved the tax credits which disproportionately subsidize the wealthy. We have been told that the budget cuts are equitable, and I will accept equitable cuts, but where is the equity in this? Where is the justice?

Mr. President, we have embarked upon a new effort, driven by the people's will to reduce overall Government spending. We must be governed by that will, but we are also charged to work carefully and responsibly toward a fair and equitable result. Clearly, the proposed energy budget is neither fair nor equitable. It is part of an unjust and inequitable proposal that will victimize the young, who will not have food, the students, who will not have learning, the aged, who will not have rest, and the poor, who will not have food, shelter, or dignity.

We are all familiar with the children's story about two charlatans who flattered an emperor into buying a nonexistent suit of clothes. The court followers did not dare reveal the fraud, so the emperor paraded about in his insubstantial finery until a young boy spoke up.

This budget would give the same suit of clothes to the poor, the aged, and the young. The weatherization function, without any funding, will disappear into a block grant program which has no mechanism to deliver the nonexistent money to rural areas. The fuel assistance program will disappear into a block grant program with reduced funding, even though it is patently obvious that decontrolled oil prices will require increased funding. The solar bank, which was designed to help people at or below the median income level, will disappear into tax credits designed to help those who are well above the median income level and need it the least.

The emperor had no clothes, and this budget has no justification.

The Budget Committee has stated that it has taken an "unprecedented action," yet, by my count, it held only two hearings after receiving the President's budget submission. The other committees have held relatively few hearings, and this body is already preparing to act, a bare 3 weeks after getting the budget.

Our actions are not wrought by deliberation, but hammered out in blind frenzy. We are lopping off hopes and dreams faster than heads rolled from the guillotine during the French Revolution.

I hope that this amendment will not be voted on as some of the other amendments with the rather callous disregard for what we are doing.

The Senator from Idaho is the chairman of the Energy Committee, and I must say he is a very fair and fine chairman. He knows that his committee will debate these items. During the debate, I may find myself agreeing with the President on some matters, for example, on some of the research projects. Certainly I agree with him that we should not be spending money on commercialization activities, and yet we are doing it.

I am inclined to agree with the President on the synthetic fuels program, and I think the oil industry is the one that should be developing it. That will be debated later. I am not even saying, for example, that we should necessarily reduce every research and development project by 18 percent, but I think we should look at them fairly. We should take a look at this chart in the back of this room so everyone can understand where we are headed.

Photovoltaic electricity, which was costing about $25 a watt for capital cost construction when I came to the Senate 6 years ago, is now costing about $2.60 a watt, comparable to almost $1 a watt cost to build a coal-fired generator plant.

We talk about solar contributing 10 or 20 percent of the total energy supplies by the year 2000 and deliver panaceas.

These cuts are not a stroke of brilliance, but a short-sighted shell game.

In the short time we have allotted ourselves, the only solution to this shell game is to cut all energy programs by the same 18 percent. Thus, we will avoid the inequity of cutting solar programs by 70 percent, cutting conservation programs by 70 percent, cutting fossil programs by 70 percent, and increasing nuclear programs by 53 percent. That allows the Energy Committee greater leeway to readjust energy priorities carefully, rather than resort to draconian measures. In this way we can avoid giving the American people the emperor's clothes.

The PRESIDING OFFICER. The 10 minutes yielded to the Senator from Arkansas have now expired.

Mr. HART. Mr. President, I thank the Senator from Arkansas for his statement.

I yield 5 minutes to the distinguished senior Senator from Montana who has done so much to move this country in the direction of energy independence.

Mr. MELCHER. Mr. President, I thank my friend from Colorado for yielding to me and thank him for his fine comments. This amendment is meritorious and should be adopted.

Mr. President, we have a lot of work to do in the energy policy for this country. I believe that all of us here on this side of the aisle in the Senate and the House of Representatives also, everyone in the country, regardless of political party, wants to help President Reagan and help this administration to be successful. I say that with all sincerity and with a certain note of desperateness because it is a little bit desperate how we are going to help this economy.

We cannot possibly control inflation unless we have a better energy policy for this country. After all, of all the inflationary factors there are that one can devise or conceive, I think the most significant one in the United States and perhaps throughout the world, the most significant pressure or single factor causing our devastating rate of inflation is the rapidly rising cost in energy.

So if we are going to have a good economy, if we are going to get on top of inflation, if the President's economic policies are going to be successful, we are going to have to have a much better energy policy for this country, and it must be now. It cannot be later. The improved energy policy has to be near term.

We can all have differing opinions about whether it is wise, whether it is the best wisdom to decontrol oil prices as rapidly as President Reagan has suggested and is doing.

For my part, it is OK with me. I think we might get some more oil out of old oilfields, from secondary and tertiary recovery, because we have a more rapid increase in price of crude from oil decontrol. So that part is all right with me. And it is all right with me, also, that the President says he is going to try to cut redtape so we can drill more oil wells both on land and offshore. I want to see that done as long as we can do it in a wise and environmentally sensible way, and I believe we can. So that part of the President's energy policy is OK with me also.

But we cannot get an oilfield, we cannot develop a major field short of 4, 6, or 10 years. That is not real near term.

What else has the President's program in store for us?

The program and administration budget goes to nuclear. If we go to heavy emphasis on nuclear, and I do not know when we get a breeder reactor but it is certainly not near term. There is not any new nuclear plants that can be constructed that we can call near term unless we call 10 or 12 years near term.

So I very much wish to help the President to formulate a better energy policy than what we have in this country now.

I think some of the steps the President is taking in his recommendation so far does not lead us to that better energy policy that is near term. The administration energy program is not adequate at all in the near term and the budget cuts eliminate that part from U.S. policy. I am talking about whether or not we want loan guarantees for alcohol so we can make gasohol. I am talking about whether we should have loan guarantees for geothermal. I am anxious to use more water and solar power. We should proceed with dedication and direction and affirmative action on low-head hydro and modifying some of the high-head hydrofacilities (dams) that we have that have additional generating capacity waiting just to be installed.

I am talking about those things as being near-term energy resources. I am talking about some of the coal programs such as the magnetohydrodynamics (MHD) technology which is more near term than some of the nuclear programs.

Yet these programs are being cut and eliminated. This amendment could correct these deficiencies. Whether or not this amendment carries, we must devise a policy in this country that develops more near-term energy resources than what has been recommended in the President's budget and part of that responsibility is up to the Energy Committee and of course it is the responsibility of every Senator here.

Let us all admit that this is an area where the President and his advisers need our help and need our experience. Let us be positive about it. If this amendment carries—it would solve some of my concerns, but if it does not carry—let us not allow this matter to drop. I know the chairman of the Senate Energy Committee is as desirous and as dedicated as I am—I know the chairman of the Budget Committee, who serves on the Senate Energy Committee, is as desirous and as dedicated as I am—to try to move quickly into a good near-term energy policy for this country.

This, above all, is where the President needs our help, needs our advice, needs our recommendation, and needs some of the experience we can contribute.

I thank the distinguished Senator from Colorado for yielding to me at this point.

Mr. HART. I thank the Senator from Montana.

I yield 5 minutes on the resolution to the distinguished Senator from Montana (Mr. BAUCUS).

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I thank the Chair. I also thank the Senator from Colorado.

Mr. President, I strongly support this amendment. Indeed I am one of the Senators who initially proposed this idea to both the Democratic Caucus and now to the full Senate.

This amendment seeks to bring the Reagan administration's energy budget into line with President Reagan's budget rhetoric.

It is necessary because the President's rhetoric about the need for even sacrifices throughout the budget, shared by all, has been totally at odds with what is actually contained within the budget he has sent to Congress.

President Reagan has called repeatedly for evenhanded, across-the-board budget cuts. I strongly support President Reagan on this idea, and I am confident the American people support him on this idea as well.

But every Member of the Senate knows that the budget President Reagan has sent to Congress is neither evenhanded nor across the board. It seems that the broad majority of the American people, a majority in Congress, in fact, most everyone, supports the President on the idea of major evenhanded budget cuts. The only person he seems not to have convinced is David Stockman, his Director of the Office of Management and Budget.

Let us look at how Presidential rhetoric concerning across-the-board cuts contrasts with the reality of the President's budget.

President Reagan has exempted three-fourths of the budget from scrutiny; he has called for dramatic increases in spending in many areas; he has refused to look at tax expenditures; and he has created a definite "enemies list" of programs he wants to destroy.

This is not what he is presenting to the American people, but it is what his budget contains.

Let me highlight the Reagan "enemies list" in the energy budget.

FOSSIL RESEARCH, SOLAR, CONSERVATION, HYDROPOWER, ALCOHOL FUELS TARGETED BY REAGAN BUDGET

President Reagan proposes we cut current fossil fuel research and development funding by 27 percent this year and by 61 percent next year.

President Reagan proposes we cut solar funding by 16 percent this year and 66 percent next year.

President Reagan proposes we cut conservation funding by 36 percent this year and by 77 percent next year.

President Reagan proposes that we cut small hydropower spending by 100 percent this year, by 100 percent next year and that we cut another $2.7 million committed in previous years' budgets.

President Reagan proposes we cut alcohol fuels funding by 100 percent this year, by 96 percent next year and that we cut $886 million in funding committed during previous years.

NUCLEAR INCREASED WHILE MHD AND ALTERNATIVES TERMINATED

Lest you think this is somehow evenhanded cutting—where everybody shares the burden of budget austerity fully—let me point out that President Reagan proposes no major decrease in nuclear funding, no minor decrease in nuclear funding: He proposes a 4-percent increase in nuclear funding this year and a 21-percent increase next year.

Within these functional totals, President Reagan has proposed totally scrapping a number of our most important conservation and alternative energy efforts, including home weatherization, the solar and conservation banks, alcohol fuels loan guarantees and consumer product conservation efforts to name just a few.

President Reagan has proposed to totally scrap the highly successful magnetohydrodynamics (MHD) coal research project, and by doing so he is willing to throw away $418 million we have already invested in a program that the General Accounting Office has described as a promising technology. We from the West who are being asked to burn our coal for energy must question the cutting of programs so near success that give us the hope of producing electricity from coal much more efficiently and much more cleanly.

Meanwhile, President Reagan has proposed a $254 million increase in the Clinch River nuclear breeder reactor effort, a budget cutting exercise.

Secretary Edwards recently told the Senate Energy Committee that the Reagan administration is not in an energy policy exercise, that it is in a budget cutting exercise. Rubbish.

I do not call a $254 million increase in the Clinch River nuclear breeder reactor program, or a $339 million increase proposed for next year's overall nuclear effort, a budget cutting exercise.

Quite simply, under the guise of budget austerity, the Reagan administration is attempting to quietly divert huge resources from coal research, solar, conservation, and gasohol into nuclear development.

President Reagan's Energy Secretary says that this must happen in order that the United States may regain its world leadership role in nuclear development.

I ask why the United States cannot lead the world in the much more cost-effective area of energy conservation? Why can we not lead the world in solar development, in gasohol development, in coal utilization technology? Indeed, why can we not attempt to catch up to the Soviets who have given a steady commitment to MHD and other coal research?

This amendment ought to be entitled the "Reagan Public Energy Budget Amendment to the Reagan Congressional Budget." It simply would ask for equal sacrifices in our energy programs, the kind of equal sacrifices requested by the President in speech after speech.

I might add that by exempting tax expenditures from review, President Reagan has targeted what remaining Federal support there is for some areas, such as conservation, in the least effective way possible. For example, tax credits for insulating homes go to those who itemize tax deductions. These higher income people already live in more energy secure houses than do the low-income people whose home weatherization moneys would be cut from the energy budget.

When President Reagan proposes to terminate spending for low-income weatherization within the energy budget, he is, in fact, targeting any remaining conservation spending through tax expenditures to those who need the help the least and where the energy savings would be lowest.

Today, I call on all Senators, regardless of party affiliation, to support President Reagan and oppose OMB Director Stockman on this amendment—to vote for equal sacrifices in all energy programs as opposed to drastic targeted sacrifices aimed at some of our most important programs. I will remind my colleagues that a vote against this amendment is a vote against conservation, against gasohol, against solar energy, and against better use of fossil fuels; further, a vote against our amendment is not a vote against higher energy spending. The totals are roughly the same. We ask simply for even cuts in all the programs instead of the drastic targeted cuts proposed in the Reagan energy enemies list.

ALCOHOL FUELS

Mr. President, I had originally intended to conclude my remarks on this amendment here, but I would like to call special attention to one especially damaging area of energy cuts—one that I and a number of my colleagues feel deeply about—alcohol fuels. The Reagan administration and the budget we now seek to amend would terminate the alcohol fuels loan guarantee programs administered by the Departments of Agriculture and Energy.

I share the disappointment expressed by many of my colleagues over the past few days that the Federal Government's commitment to alternative energy is being drastically scaled back. I believe that we have finally reached the point where alcohol fuel can have a substantial impact on our domestic energy supply problem. However, with the elimination of the loan guarantee program we are setting back alcohol fuels development by several years.

With the passage of the Energy Security Act, Congress gave a clear signal to farmers and consumers that we would support the development of an alcohol fuels industry. The Federal Government now adds confusion and apprehension to alcohol fuel proponents' plans for development. Many people from my home State of Montana—and across the country—have spent time, energy and substantial personal sums of money on plans for gasohol production. These efforts were based on the understanding that Federal support—through loan guarantees—would be available to facilitate negotiations with private lenders. I simply do not feel that such an irratic approach is sound energy or business policy.

Mr. President, I am committed to cutting the Federal budget and reducing taxes to get our economy moving again. I believe, however, that the cuts should be spread more equitably among Federal programs—not accomplished through eliminating important programs entirely. An investment in alcohol fuels would give a major boost to the revitalization of our economy by providing jobs and through expanding our tax base.

I would point out that just as in many other areas of the Reagan administration's budget, the termination of alcohol fuels programs is a cut targeted at rural areas. Alcohol fuel plants offer a market-efficient way for farmers to provide fuel for farm equipment and rural communities.

The Reagan administration has proposed terminating alcohol fuels loan guarantees, devastating the Rural Electric Administration programs, and seriously diverting major farm and rural-intensive efforts into other less cost-beneficial programs. If we are going to be evenhanded in our cuts. I ask that the small communities, the small business, the rural areas and rural industries not be asked to sacrifice totally while other areas, giant businesses and giant multinational oil and nuclear industries are given huge benefits and tax breaks.

I ask that a summary of alcohol fuel budget imports, prepared by the Montana Department of Agriculture, be entered into the RECORD at this point in my remarks. The summary describes the effects a termination of the Federal alcohol fuels loan guarantee program would have on the State of Montana and the many proposed alcohol fuels projects in the State.

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

MONTANA DEPARTMENT OF AGRICULTURE FOOD & FUELS PROGRAM

Re Termination of Federal alcohol fuels biomass loan program.

The Federal Alcohol Fuels Biomass Loan Programs have been very frustrating to work with. The U.S. Congress appropriated $1.25 billion to the Departments of Energy and Agriculture (through Farmers Home Administration) to develop fuel alcohol from biomass to lessen the United States dependence on imported (OPEC) oil.

This was a section of the Energy Security Act of 1980, which required several months of drafting of rules and regulations before being implemented.

Many Montana citizens applied for funding under this program as well as the regular "business and industry" loan program of FmHA, but as of today not even one loan has been completed for a Montana project, and with President Reagan's proposed retroactive, current and future budget cuts none will be.

Montana's Department of Agriculture and the DNRC have committed $618,000.00 to establish an alcohol industry in Montana. But with federal bureaucratic inaction and now the withdrawal of all federal loan programs it will be almost impossible to establish a major commercial alcohol industry in Montana. Some small commercial and farm plants will be built, but it will take years for these to have an impact on our over-all energy supply.

Enclosed is a list of proposals which the Montana Departments of Agriculture, and Natural Resources and Conservation considered (including some which received partial funding) and other proposals of which we are aware. All possibly would be built if federal funding is available, and some prob-

ably already would have been, if FmHA bureaucrats had acted more expeditiously.

The total cost of these plants would be $66,545,020.00. Federal loan guarantees requested were $49,676,000.00. Local and other non-federal sources would finance $15,920,422.00 of the cost of these plants. The plants would produce 32,094,000 gallons of ethanol utilizing 16,891,578 bushels of Montana barley.

New business venture capital is extremely limited in Montana. Without federally supported guarantees and direct loans, outside capital will not come into the state. The only remaining means of developing the necessary capital will be to sell stock to the public, where financial resources are also limited and where extensive periods of time would be involved. Montana people might purchase such stock, but their own available funds for investment are limited. The plants, therefore, will have to start small and probably underfinanced and it will be exceedingly expensive and time-consuming to achieve levels of alternate fuel production sufficient to have an impact on the total energy supply which is needed immediately.

The Reagan administration proposals to eliminate the financial incentives for the fuel alcohol production in the Crude Oil Windfall Profit Tax of 1980 and the Energy Security Act of 1980 will effectively kill what might have been an industry uniquely suited to Montana's resources and abilities.

Additionally, many Montanans who have invested thousands of dollars of their own on a "good faith" basis because of the federal government's legal promise of such incentives will lose their entire investments. And, the State of Montana, also will lose several hundreds of thousands of dollars already spent in an effort to encourage those Montanans to create such an industry in the state.

The Montana Department of Agriculture, Food and Fuels Program is a grant/loan program. Within the contract with the grantee is a provision providing for repayment of the grant if the business becomes a viable entity. Because of President Reagan's withdrawal of federal loan guarantees $178,000.00 of $186,000.00 of our grants will be written off as a complete loss.

Startup date and name	Total cost	FmHA	Gallon production	State agriculture	D.N.R. & C.	Local	Other
January 1982: Ag/NRG Great Falls	$1,650,000	$950,000	1,000,000	$100,000	$200,000	$160,000	$400,000
January 1983: Blackfoot Energy Cut Bank	6,860,000	6,174,000	4,200,000	35,000		651,000	
January 1983: Agra-Tech Twodot	9,500,000	8,550,000	4,000,000	2,000		948,000	
June 1982: Sun Prairie Energy, Inc., Fairfield	3,800,000	[1] 3,800,000	1,500,000	5,000		[2]	[2]
June 1982: DeVries Roberts	2,240,000	2,016,000	2,000,000	5,000	100,000	119,000	
January 1983: Bear Paw Development, Havre	6,200,000	4,960,000	4,000,000	5,000		1,235,000	
Subtotal	30,250,000	26,450,000	16,700,000	152,000	300,000	3,113,000	400,000
August 1981: A.E. Montana Amsterdam	340,000		600,000	7,500		332,500	
October 1981: Bronic Geraldine	118,000	66,000	73,000	20,000	32,000	[2]	[2]
June 1981: McKeever Circle	3,020		1,000	1,500		1,522	
September 1982: Lang Miles City	9,500,000	[3]	4,000,000	5,000		1,000,000	8,500,000
Subtotal	9,961,020	66,000	4,674,000	34,000	32,000	1,334,022	8,500,000
January 1982: Glasgow	2,750,000	1,935,000	1,500,000		100,000	215,000	
January 1983: CBF, Culbertson	2,094,000	1,884,600	1,500,000			209,400	
January 1982: Fort Peck, Poplar	500,000	450,000	220,000			50,000	
January 1983: Doig, White Sulphur	990,000	891,000				99,000	
January 1983: Energy Engineering, Hot Springs	20,000,000	18,000,000	7,500,000			2,000,000	
Subtotal	26,334,000	23,160,000	10,720,000		100,000	2,573,400	
Total	66,545,020	49,676,000	[4] 32,094,000	618,000		15,920,422	

[1] DOE.
[2] In kind labor, land, and management.
[3] Country industrial development bond.
[4] 1.9 gallon of ethanol per bushels of barley equals 16,891,578 bu.

NEED FOR A BALANCED ENERGY POLICY

Mr. BAUCUS. I wish to conclude, Mr. President, by saying that I am not on the Energy Committee nor am I on the Budget Committee.

But I am an American citizen; I am a Member of this body, and I do spend some time trying to figure out where our country should be going, what our energy posture should be, and what role we should play in the world.

The inescapable fact is that we have an energy crisis. We all talk about it and I think we all agree that we do face very, very difficult problems. We are still buying about 5 million barrels of oil a day from overseas. Unless we move more quickly than we have in the last few years to try to cut off that outflow of money, that hemorrhage, we will soon face even more perilous potential problems than we do today.

I am sponsoring this amendment with the Senator from Colorado because, in my view, the present administration is making a mistake by relying too much on one or two panaceas for solving our energy crisis. Neither its hopes for new energy from decontrol of oil and natural gas, nor its determination to spend disproportionate amounts on big Government efforts to develop the nuclear industry will cure all our energy problems.

We have to have a lot more balance. We have decontrolled the price of crude oil in order to enable prices to rise and make other forms of energy more price-competitive. We have helped and will continue to help the nuclear industry to some degree because it, too, offers the potential for significant energy benefits.

But I also think we have to spend as much effort as we possibly can on almost every other potential form of energy development until we find out which ones work and which ones do not work. I include solar energy; I include conservation; I include hydro; I include all the wide variety, wide panoply, of potential energy sources, which we have in the past begun to develop but which this administration would very, very severely cut back.

Earlier I mentioned the MHD program because MHD offers such a potential for utilizing the vast reserves of coal in my State more efficiently and more cleanly.

I mentioned the alcohol fuels program because it offers such a potential for liquid fuel throughout the country and in rural areas in particular. The General Accounting Office says alcohol fuels could provide at least 10 percent of our Nation's auto fuel supply by the year 2000.

Conservation may be the most cost-effective energy source we have.

If, as Senator GLENN stated earlier, we pursue and find good ways to store electricity—and I agree with his assessment of the importance of this research—whole areas of power generation will become even more cost effective than they are today. Wind power, utilizing existing technology, may soon be an important contributor in Montana. With better electrical storage it could do even more.

So I appeal to the Senate to restore some balance to our efforts in solving our energy crisis.

I believe if we continue down the road of helping the major oil companies and the nuclear industry at the expense of everyone else, we are going to regret the day when we lost an opportunity to restore some balance and commonsense to our energy efforts.

So, Mr. President, I strongly urge the Members of the Senate to vote for this amendment, to vote for a balance that I think is necessary and proper.

Mr. HART. Mr. President, I thank the Senator from Montana for his remarks.

I yield myself the remaining time on the amendment. How much time is that?

The PRESIDING OFFICER. There are 4 minutes remaining.

Mr. HART. Mr. President, the Senator from South Carolina hit the nail on the head in his remarks when he said the budget process should not be a process by which we make policy in this country or by which we establish specific line item concepts or decisions.

It is, in fact, the proposal of the administration, as articulated by a majority of those on the Budget Committee, and propounded here by the Senator from Idaho and the Senator from New Mexico today, that represents a dramatic change in energy policy.

Under the last three or four administrations and in several Congresses, it

has been the policy of this country to pursue a wide variety of energy alternatives. It has been the policy of this Government, of both political parties in several Congresses, to involve this country in what could be called supply-side investment, investment in a wide range of energy alternatives to stimulate use of the technology of those alternatives in order to decrease dramatically our dependence on foreign oil and to increase our economic and national security.

The amendment before the Senate today does not appreciably increase Federal spending or outlays. It does keep the options open for the authorizing and appropriation committees to maintain those wide varieties of programs supported on both sides of the aisle and both political parties.

It leaves the choices with the appropriate committees. It takes those choices and that dramatic change of policy out of the hands of the budget process, and it increases this country's economic and national security. It does increase our investment on the supply side of energy, and it will lead to a stronger nation. I hope the majority of Senators on both sides of the aisle will support this amendment, which reflects the policy this Government and this country has pursued for the last 7 or 8 years.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield 2 minutes to the Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding.

I understand what a number of people have been saying about the desirability of a broader mix of programs, and that is precisely the responsibility of our committee to try to determine how we will allocate the money available to us in the budget resolution.

Certainly the adoption of the pending amendment, increasing the amount of money that would be available to the committee, would be helpful. And I want to note on the record that I made an error in my original statement on the arithmetical calculation of the effect of the amendment when I stated that it had a $700 million effect on outlays. The correct figure is $100 million in outlays. I thank the Senator for pointing it out. There is an increase in the $2 billion in budget authority, however. That figure remains correct.

Certainly, to the extent that I have the responsibility as chairman of the Committee on Energy and Natural Resources, any addition of money that is available to us makes it easier for us to make the programmatic decisions. We do not have the same difficulty if the figure is enlarged.

It is not my intention to debate at this time the central issues about the relative merits of various programs because the time to do that will occur later as we go through the process of authorizing specific programs and appropriating money for specific programs, and I am sure we will join in that debate.

For instance, I agree with my friend, the ranking minority member on the Budget Committee, the distinguished Senator from South Carolina, in saying that we do need reprocessing. I think we need a breeder reactor program. I am firmly in support of a strong nuclear program. We must increase the efficiency as well as the focus of the Nuclear Regulatory Commission because we will by the end of this summer have 11,000 megawatts of generating capacity in conventional nuclear ready to go online in this country, but which is being held up because of licensing problems. We must find a way of getting that done as 11,000 megawatts of nuclear power translates into roughly 5 percent of the oil imports into this country.

So we do have a variety of different things that need to be done. But this amendment is not the right way, at this time, in my judgment, to get it done.

Mr. FORD. Mr. President, I support the amendment offered by the distinguished Senator from Colorado (Mr. HART) and others. As we all know, the February 18 economic recovery message managed to escape using the word "energy." It quite correctly emphasized the need for a "safety net" for the poor, the ill, the handicapped, but omitted the greatest single threat to any "safety net," our energy problems.

Mr. President, this Nation stands in dire need of a "national energy safety net" and I for one do not find it either in the administration program or in the budget resolution before us. The proposed amendment would be a step in that direction.

The amendment would permit the Congress to allocate resources to programs that work toward establishing an "energy safety net," immediate in some instances, more long range in others. The amendment would permit us to have a balance in our Nation's energy program.

Mr. President, to attack the inflation problem, we must first of all attack the energy problem; to attack the balance-of-payments problem, we must first of all attack the energy problem; to attack the national defense problem, we must first of all attack the energy problem.

Fossil fuel energy imports have been a greater factor in inflation than Federal budget deficits. Over the last 8 years, the rise in the dollar cost of fossil imports has been at least seven times as great as the rise in Federal deficits.

The cost of energy imports has been $225 billion over the last 4 years—nearly $100 billion in 1980 alone. Sixty percent of last month's rise in inflation was due to increases in the direct costs of energy. This has a great effect throughout the economy.

Energy costs are the essence of our balance-of-payments problem. In recent years, only in 1972, have the nonenergy export-import balances been negative.

Mr. President, this energy situation must be redressed and we cannot do it by faith alone. We need a broad alternative of energy programs—ranging from conservation to synthetics, including nuclear and the direct use of coal. But you cannot run a tank or fly a plane on nuclear or a lump of coal.

The amendment would permit a range of alternative energy programs, would permit a minimum "energy safety net."

● Mr. LEVIN. Mr. President, I would like to join with my colleagues in supporting Senator HART's amendment. His proposal would serve to balance our energy budget. Since the oil embargo, the Congress has passed many pieces of legislation aimed at decreasing our dependence on foreign oil. This has been a bipartisan goal and I hope that it can continue to be so. In the past, we tried to create a balanced energy program, committing ourselves to both long-range research and shorter term programs to protect our Nation from potential shortfalls in oil supplies.

Now there may well have been inconsistencies in or less valuable programs included in the legislation of the past 7 years. I had hoped, however, that the new administration would provide us with evidence showing why they proposed to change the energy program. I have tried to ascertain why the administration has requested certain changes to be made in the energy budget, but I cannot find a satisfactory answer.

They propose to cut the energy budget by 16 percent. I cannot ascertain why 16 percent rather than 4 percent or 30 percent or any other arbitrary number. For example, the administration proposes to abolish the Solar Energy and Conservation Bank because they say that higher prices will assure investments in solar energy and conservation. On what evidence? One could easily argue that, on the contrary, higher energy prices have reduced the capital assets of those very individuals and small businesses who would benefit from the Solar Energy and Energy Conservation Bank. The administration may be correct in asserting that higher prices would persuade more citizens that they would like to invest in solar energy and energy conservation. Unfortunately, by increasing fuel bills, it may well eliminate private funds that could have been used for energy savings.

The administration would also like to abolish the alcohol fuels budget. They state that the marketplace will finance gasohol projects because of the increase in oil prices. Yet gasohol producers can provide evidence that they cannot obtain financing without Federal loan guarantees.

All of us are in favor of saving money and cutting wasteful spending. No one from Michigan can ignore the fact that our economy is in trouble and that help is desperately needed. Yet I cannot understand how dismantling our energy program without a comprehensive alternative can help our Nation's economic woes. The administration wants to cut money for solar energy, for energy conservation, for alcohol fuels research and loan guarantees, for fossil fuel, and other synthetic fuel programs. Yet we have not been told why such cuts should be made. Why is the Solar Energy Bank totally abolished while nuclear research would not be touched? We are told that the rise in oil prices will cause the market to meet the need for solar energy; yet why cannot the market also be depended upon to fund nuclear spending?

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If this administration is truly committed to national defense, it must reevaluate its energy proposals. By cutting conservation—which is the cheapest way to cut our energy imports—by cutting programs for renewable resources, by cutting funds for the strategic petroleum reserve, the administration is destroying the programs the Congress devised to minimize our dependence on foreign oil. They are simply increasing our vulnerability to oil cutoffs. This is a foolish and dangerous policy.

Although we cannot bind committees to funding specific programs, I believe we have an obligation to indicate the sense of the Senate that we establish a more balanced energy program, funding short- and medium-range programs to decrease our imports of oil. And until we receive more conclusive evidence about the effects of the proposed modifications of our energy program, we should assure a more equal sharing of the budget cuts.●

● Mr. WEICKER. Mr. President, I am pleased to support Senator HART's amendment for the energy function within the budget.

I am happy to support this amendment for several reasons: First, a general across-the-board cut for the Department of Energy reduces overall outlays for fiscal year 1981 by some $34 million, reduces outlays for fiscal year 1982 by an additional $10 million, and permits us the time to develop additional cuts for fiscal year 1983. More importantly, the Hart amendment, if passed, will enable both Secretary Edwards and the Senate Energy Committee to properly review all energy programs and create an intelligent report policy for this country.

On several occasions, Secretary Edwards has testified before the Senate Energy Committee that he does not have an energy policy, that he looks forward to creating an energy policy with Congress. Fine, I support that approach. The problem is that the budget itself creates policy—with or without oversight or authorization hearings. Of course, the Department of Energy has its full share of wasteful, overlapping programs. But, I doubt very much that Secretary Edwards or even David Stockman has been able to identify all the waste and inefficiency at the Energy Department in the few months that they have been in office. Yet, they seem prepared to completely halt energy initiatives in several areas, while heavily tilting the energy budget toward some nuclear programs—an area which might, in fact, be ready for commercialization rather than continued Federal subsidies. Make no mistake, I have been a strong supporter of nuclear energy. I will likely continue to be a nuclear power supporter, but I believe that both Congress and the executive branch should have the opportunity to review existing programs and policies before launching into a narrow-gauge elimination of energy programs already on the books.

So, Senator HART's amendment gives us the time to review all energy programs and, at the same time, achieve the administration's goal of substantially reducing Federal spending.●

● Mr. DECONCINI. Mr. President, I simply cannot believe the people of this country want to dismantle the solar energy programs that we have built together over the last 4 to 5 years. I do not believe the American people realize this budget resolution would terminate; completely eliminate, the solar energy and energy conservation bank that was created by Congress only last year. But that is exactly what the administration intends in the submission of its budget and what the Budget Committee has passed on in this resolution. This budget will completely eliminate a loan program, not a giveaway program, that has been considered by the solar energy industry to be essential to the near-term commercialization of solar energy.

Before we simply vote party line on this amendment I think we should stop and consider for just a few moments just what the American people want in an energy policy.

First of all they do want an energy policy. They know we cannot separate energy policy from national security policy. They understand all too well that the production and supply of energy is the cornerstone of international relationships. They understand all too well the production, supply, and use of energy is the foundation of this Nation's economy.

They understand all too well that the production, supply, and intelligent use of energy is, in fact, the future of our society as we know it.

What the American people want is balance. When the American people finally realize the goal of the Republican energy policy is to dismantle the solar and conservation programs they will be stunned.

When the American people fully realize the sole purpose of this administration's energy policy is to prop up the nuclear industry by throwing hundreds of millions of taxpayers' dollars into Three Mile Island and nuclear demonstration plants they will be outraged.

Mr. President, I have supported a necessary and practical Federal role in the development of nuclear energy and I will continue to do so. But to put all of our Federal eggs in one nuclear basket is not in the best interests of this country.

And what does this outrageous amendment that I have cosponsored do exactly? Well, it allows the Energy Committee, the Agriculture Committee, and Appropriations Committee a couple of weeks to consider the long-range impacts and implications of the unprecedented energy policy decisions being finalized in this budget resolution. It allows the authorizing committees the flexibility to do the job they are supposed to do. I remind my friends across the aisle that they have the same majority margin in the committees that they do here on the floor.

Mr. President, I wish the American people could have a chance to vote on this amendment. I would like to place the future of the solar and conservation programs in every voting booth in America. I wish the voters had a chance, at least, to give Congress a few more days to consider these policy decisions before we begin to nail down the coffin of the conservation and renewable energy programs—the programs that offer the most hope in reducing our energy dependence on Middle East oil over the next 20 years.

This amendment, Mr. President, would actually reduce budget outlays this year and next and would allow us the opportunity to continue with a reduced but balanced energy policy.●

● Mr. LEAHY. Mr. President, I rise today as a cosponsor of the amendment offered by the distinguished Senator from Colorado (Mr. HART).

The initial energy policies proposed by the Reagan administration ignore the realities of today's energy market, underestimate the benefits of conservation and renewable sources of energy, and threaten to leave us with no contingency planning for energy supply disruptions. The administration policies purport to return energy decisionmaking and development to the free market system, and yet they would leave in place large subsidies for synthetic fuels and nuclear power.

If we are to end our excessive dependence on foreign oil, it is imperative that we employ a balanced mix of domestic energy sources. This balanced mix must include fossil fuels, solar, hydro, and other renewable energy sources, nuclear power, and a strong conservation effort. Each of these fuels must be allowed to make an equal contribution.

The Reagan energy proposals do not envision such a balanced energy mix. We cannot produce our way out of the energy crisis. Even the oil companies realize this. What are they spending their windfall profit on? Mineral companies, office equipment, and retail outlets. These actions emphatically point out the need to undertake an aggressive and rigorous effort to conserve energy and develop alternative sources of fuel. Passage of this amendment is consistent with this goal.

Mr. President, I strongly urge my colleagues to join in support of this worthwhile effort and put this country back on the balanced road to energy independence.●

Mr. JACKSON. Mr. President, the budget proposals announced by the Reagan administration provide for sweeping change in Federal policy.

In most instances, the changes mean withdrawal of the Federal Government from the national leadership role it has played in such areas as fighting poverty, encouraging economic development, energy production and conservation, and on down the line.

President Reagan was elected last November in large measure. I believe, because of his promises to reduce the scope of the Federal Government and I support the thrust of his effort in this area.

At the same time, fundamental questions are being raised that deserve the attention of the administration and Congress.

Many of the programs earmarked for rescissions, cuts, or elimination developed over the years out of need or because a special problem existed. Programs were designed to meet specific goals and objec-

tives—such as providing adequate health care for the needy.

Without question, some programs evolved that have insufficient justification or are today no longer needed. In an effort to reduce overall spending, such programs should be eliminated at this time.

In considering budget cuts, I believe we should consider two essential things:

First, the cuts should have a positive impact on the economy and security of the United States. Second, budget cuts must be applied fairly. In our eagerness to reduce the total amount of Federal spending, we must not forget the basic needs of the working poor, senior citizens on fixed incomes, the mentally and physically handicapped, and others.

Before deep cuts are made in social programs designed to provide opportunities, decent housing, food, and health care, we must ask whether the administration has abandoned the goals upon which the programs were founded or whether other steps are planned to meet them.

As one who has been especially involved in energy policy over the years, I must ask whether the administration intends to abandon the goal of reducing our dependence on imported oil and planning for the shortages and supply interruptions that will undoubtedly occur in the future. If the administration has not abandoned these goals, we must ask what programs will be offered to replace the ones proposed for elimination.

For example, during the past 10 years, Congress has developed a strong program, and may I say by an overwhelming bipartisan support in the Senate, to encourage and assist in the commercialization of synthetic fuels production from domestic energy resources, especially coal and oil shale.

Our efforts in this area have received broad bipartisan support in Congress and were undertaken during the administrations of both Democrats and Republicans.

The program now in place, as enacted during the last Congress, contemplates three principal steps in the development of new technologies. I think it is important that Members of this body understand what they are, and I will therefore review them.

First, there is a strong program of basic and applied research, heavily—sometimes exclusively—funded by the Federal Government.

Second, there are the large pilot demonstration plants at something less than full size intended to prove the processes. These demonstrations can be costly—involving investments of hundreds of millions of dollars and are rarely of a size adequate to repay their investment costs out of the quantities of products produced. The experimental nature of the plants work against the likelihood of commercial financing. Thus the Department of Energy provides assistance for demonstration projects by means of Federal cost-sharing grants.

The third step in commercializing new synfuel technology is the construction and operation of a full-size, prototype project. While revenues of the plant would be adequate to amortize the costs of construction and operation, there would remain significant risks associated with any first-of-a-kind operation. The costs, perhaps $2 or $3 billion for a single plant, are well beyond the reach of all but a few of the very largest corporations.

The Federal role, at this stage, need only be one of insurance against the unusually large risks involved. Under the Synthetic Fuels Corporation, insurance would be provided in the form of loan guarantees, price guarantees, and purchase agreements.

I have no objection to private commercialization of synthetic fuels. But to date the private sector has shown little inclination to proceed without substantial governmental financial assistance. Instead, for more than a decade, we have been told that industry was on the brink of synfuels investment and that the most "recent" oil price increase would insure development.

We must be honest with the American people. Exxon recently released projections of U.S. energy demand indicating that in the year 2000 domestic oil production, assuming substantial new discoveries, will supply half our petroleum demand. The other half—about 8 million barrels per day—must come from imports or synthetics.

Exxon believes that as much as 34 percent of this total demand—well over half the 8-million-barrel-per-day shortfall—could come from synthetics The existing policy of Congress was intended to achieve such a goal, but frankly time is running out. The leadtime required for these plants is as much as 10 years.

We spoke in the Energy Security Act of production goals of 500,000 barrels per day by 1987 and 2 million barrels per day by 1992.

Those were ambitious targets and already the 1987 goal is unlikely of achievement. But now the administration wants to reduce Federal involvement in synfuels. It wants to eliminate cost-shared demonstrations which are well underway and trust to high oil prices and private initiative to get the technologies on line.

In establishing the current Federal synthetic fuels efforts the Congress recognized several realities:

Domestic petroleum production is projected by the most optimistic of forecasters to fall short of future needs even with aggressive conservation and maximum substitution of other conventional energy sources.

The most difficult energy need to serve is that of liquid fuels for transportation—currently 25 percent of all our energy demand and 56 percent of our petroleum consumption.

The only substitutes of a large measure of imported petroleum are liquids from domestic coal, oil shale, and other resources—all of this synthetic fuels.

My point here is that whether the Federal Government is involved or not, this Nation must come to grips with the energy problems facing us.

The inflation increase announced last week—a rise of 1 full percentage point during February—was attributed in large part to energy price increases.

Economists have come to realize the impact energy is having on our economy. Dismantling our energy program without replacing it with substantive initiatives, either public or private, will be a signal to OPEC and the rest of the world that we are not serious about fighting inflation.

The Reagan administration also seeks to cut back or eliminate efforts in the areas of conservation, solar, alcohol fuels, geothermal, and other areas providing great promise.

My purpose today is not so much to argue about which of these programs should be saved and which should be eliminated. Rather, I am asking whether the administration has decided that the reduction of U.S. dependence on imported oil is no longer a worthy goal and, if we dismantle the energy policy established over the past 10 years, what will be proposed to take its place? What commitments does the administration have from the private sector to invest in synthetic fuels? What is the Reagan administration program to meet these essential goals?

Cutting the budget for the sake of balancing the budget or reducing Federal spending is not necessarily a justification for every proposed revision of public policy. I believe the proposed budget cuts should be considered carefully and in relation to national goals.

There is, indeed, a consensus in this country for limiting Federal spending and, as I noted earlier, I support this basic effort. Nevertheless, we have to look again at the goals of each program and consider whether the goals are still valid and whether the needs are still real.

If so, what is the administration offering as a substitute for the necessary programs being cut? Which programs does the administration assume the private sector will take over?

Honest debate should consider all the economic and national security consequences of budget actions, not just the monetary scorecard achievements of the current fiscal year.

Mr. DOMENICI. Mr. President, I have no additional requests on this side. I wonder if the distinguished Senator from Colorado is ready to vote.

Mr. HART. Yes.

Mr. DOMENICI. Mr. President, have the yeas and nays been ordered?

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

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

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Colorado (Mr. HART). 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 Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Rhode Island (Mr. PELL) would each vote "yea."

The PRESIDING OFFICER (Mr. ARMSTRONG). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 32, nays 65, as follows:

[Rollcall Vote No. 59 Leg.]

YEAS—32

Baucus	Exon	Melcher
Biden	Ford	Metzenbaum
Bradley	Glenn	Mitchell
Bumpers	Hart	Moynihan
Byrd, Robert C.	Hollings	Pryor
Chiles	Huddleston	Riegle
Cranston	Inouye	Sarbanes
DeConcini	Kennedy	Tsongas
Dixon	Leahy	Weicker
Dodd	Levin	Zorinsky
Eagleton	Matsunaga	

NAYS—65

Abdnor	Goldwater	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Nunn
Baker	Hatch	Packwood
Bentsen	Hatfield	Percy
Boren	Hawkins	Pressler
Boschwitz	Hayakawa	Proxmire
Burdick	Heflin	Quayle
Byrd,	Heinz	Roth
Harry F., Jr.	Helms	Rudman
Cannon	Humphrey	Sasser
Chafee	Jackson	Schmitt
Cochran	Jepsen	Simpson
Cohen	Johnston	Specter
D'Amato	Kassebaum	Stafford
Danforth	Kasten	Stennis
Denton	Laxalt	Stevens
Dole	Long	Symms
Domenici	Lugar	Thurmond
Durenberger	Mathias	Tower
East	Mattingly	Wallop
Garn	McClure	Warner

NOT VOTING—3

Pell	Randolph	Williams

So Mr. HART's amendment (UP No. 36) was rejected.

THE BUDGET RESOLUTION SCHEDULE

Mr. BAKER. Mr. President, I announced earlier that after consulting with the minority leader and taking an inventory of the amendments we know of yet to be disposed of, I would have a further announcement about the schedule of the Senate.

It appears to me that there still are more than 20 amendments to be dealt with and that while we are making good progress on the consideration of those amendments, we still have much work to be done.

I have just advised the distinguished minority leader that, under these circumstances, I do think it will be necessary for the Senate to be in late tonight. I would expect us to continue until 10 o'clock or thereabouts and to come in about 9:30 in the morning. I will ask consent for such an order later in the day.

Senators should be on notice that while it may or may not be possible to finish this resolution tonight, it seems the better part of management to continue until a reasonably late hour tonight. We can convene in the morning to dispose of this resolution, if necessary, and dispatch the other business of the Senate if we have completed this measure.

TIME LIMITATION AGREEMENT ON CERTAIN AMENDMENTS

Mr. President, I inquire of the minority leader if there would be a possibility of reducing the statutory time on some of these amendments that are listed to be called up.

I understand that it is possible, for example, that one or more of the Proxmire amendments might be reduced in time.

Mr. ROBERT C. BYRD. Yes.

Mr. President, there are a few amendments on which the time could be reduced, and it may be well, if the majority leader wishes to do so, to proceed now with locking those in, and it might help to develop some momentum.

On two of the three Proxmire amendments, I believe there could be an agreement, and on two amendments by Mr. EAGLETON as well as one by Mr. INOUYE and one by Mr. DECONCINI, I do think the time could be reduced, as shown in the memorandum I have now given to the majority leader.

Mr. BAKER. I thank the minority leader.

I especially thank the minority leader for pursuing this effort to reduce time where it is possible to do so.

We discussed that earlier today, and the distinguished minority leader volunteered to explore that possibility, and he has now handed me a list with certain suggestions in that respect.

Mr. President, I now ask unanimous consent that on an amendment by the distinguished Senator from Wisconsin (Mr. PROXMIRE), dealing with the Eximbank, there be a time limitation of 20 minutes, to be equally divided; that on another amendment by Mr. PROXMIRE, dealing with rescissions, there be a 30-minute time limitation, to be equally divided; that on an amendment by the distinguished Senator from Missouri (Mr. EAGLETON), dealing with the National Science Foundation, there be a limitation of 40 minutes, to be equally divided; that on a second amendment to be offered by Mr. EAGLETON, dealing with trade adjustment assistance, there be a time limitation of 40 minutes, to be equally divided; that on an amendment by the distinguished Senator from Arizona (Mr. DECONCINI), dealing with debt collection, consultants, and travel, there be a time limitation of 30 minutes, to be equally divided; that on an amendment to be offered by the distinguished Senator from Hawaii (Mr. INOUYE), dealing with Indians, there be a limitation of 20 minutes, to be equally divided.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, I thank the minority leader for his help and cooperation.

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader is welcome.

THE REASON FOR THE ABSENCE OF SENATOR RANDOLPH FROM THE SENATE TODAY

Mr. ROBERT C. BYRD. Mr. President, I wish to state for the RECORD the reason for the absence today of my distinguished senior colleague, Mr. RANDOLPH.

I am sure that Mr. RANDOLPH would want to have voted on the amendments that have already been debated and acted upon today. Senator RANDOLPH has an excellent attendance record, as we all know, and it is only when the exigencies are such that it is impossible for him to be here in the Senate that he will miss a vote.

Today he is in Salem, W. Va., with members of his family for the interment of the remains of his beloved wife, Mary Katherine.

Mr. BAKER. Mr. President, will the minority leader yield to me?

Mr. ROBERT C. BYRD. I yield.

Mr. BAKER. Mr. President, I join with the minority leader in expressing regret that it is not possible for the distinguished senior Senator from West Virginia to be here.

I have such a high regard for him as my chairman for so many years and as a friend for so many years that it was difficult for me yesterday to advise him that I felt it was essential for the Senate to continue the consideraton of this measure, notwithstanding his absence.

I know he regrets the necessity for his absence. I know every Member of the Senate understands the reason for it, and I wish to express my sympathy to him on this sad occasion and to join the minority leader in this explanation.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader, and I am sure that Senator RANDOLPH will deeply appreciate the remarks of the majority leader.

BUDGET RESOLUTION OF RECONCILIATION AND INSTRUCTIONS

The Senate continued with the consideration of the concurrent resolution.

Mr. DOMENICI. Mr. President, before the distinguished minority leader leaves the Chamber, might I ask as to the list that he has presented to the majority leader, is that the sequence that the amendments will come up?

Mr. ROBERT C. BYRD. No, that is not necessarily the sequence in which the amendments will be called up. That is merely a listing of the amendments that was made in an effort to inquire as to whether or not it would be possible to get time reduced on any of them.

Mr. DOMENICI. Mr. President, I thank the Senator.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. DOMENICI. Mr. President, I yield myself 2 minutes off the resolution.

Mr. President, I thank our majority leader and the distinguished minority leader for their effort here today to move this matter along. We do have a number of amendments that have to be

considered and I think his leadership has provided everyone with an opportunity to debate most of the time much in excess of the hour equally divided that is provided in the Budget Act. That has worked quite well.

However, I say from my standpoint I wish to thank those Senators who have agreed to even a lesser time than that.

I also hope that we could, to the maximum extent possible, stay with the 1-hour rule which is provided for in the act. If there is some real extenuating circumstance, obviously I would yield, and I am sure that Senator HOLLINGS would yield.

I hope everyone knows that we have to move this along. If we do not we could be here until Friday or Saturday and all the committees have work to do, and we have a very difficult job with the first resolution if we are not able to complete this at the latest tomorrow. Otherwise, we will not be able to get our work done.

I thank the Senator for helping us with that.

Mr. BAKER. Mr. President, I thank the Senator for his remarks.

UP AMENDMENT NO. 37

(Purpose: To restore funds for primary health care and prevention)

Mr. KENNEDY. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) for himself, Mr. RANDOLPH, Mr. RIEGLE, Mr. METZENBAUM, Mr. MOYNIHAN, Mr. WILLIAMS, Mr. PELL, Mr. EAGLETON, Mr. LEVIN, Mr. LEAHY, and Mr. ROBERT C. BYRD proposes an unprinted amendment numbered 37.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, beginning with "$52,144,000,000" in line 17, strike out through "$47,694,000,000" in line 20 and insert in lieu thereof the following:" $52,675,000,000, and outlays by $36,820,000,000, in fiscal year 1982; and to reduce budget authority by $59,078,000,000, and outlays by $47,569,000,000".

On page 10 beginning with "$10,303,000,000" in line 6, strike out through "$10,913,000,000" in line 9 and insert in lieu thereof the following: "$10,153,000,000 in budget authority and $7,803,000,000 in outlays for fiscal year 1982; and $12,213,000,000 in budget authority and $10,788,000,000".

Mr. KENNEDY. Mr. President, I offer this amendment on behalf of myself, Mr. RANDOLPH, Mr. RIEGLE, Mr. METZENBAUM, Mr. MOYNIHAN, Mr. LEVIN, Mr. ROBERT C. BYRD, and Mr. LEAHY.

PREVENTIVE HEALTH SERVICES

Mr. President, my amendment would also restore $50 million to the Committee on Labor and Human Resources mark for the purpose of funding preventive health activities.

Mr. President, as a member of the Committee on Labor and Human Resources for more than 18 years, I have heard hundreds of hours of testimony and I have spoken personally with thousands of physicians, scientists, and citizens across the United States.

But nothing I have seen and nothing I have heard has impressed me more than our ability to enhance the quality of our lives through preventive health interventions. We have within reach the capacity to prevent many of man's most dreaded afflictions. Never before have we possessed this kind of power over our own health and destiny.

We have already witnessed the power of prevention to alter the quality of life. Just over a century ago, well before we knew of bacteria or viruses, pioneers in public health began the conquest of infectious diseases. They used simple methods—sanitation, improved hygiene, improved nutrition—but the results were almost incredible. Major inroads were made against tuberculosis, typhus, diphtheria, scarlet fever, cholera, smallpox, tetanus, and other communicable conditions that were then the greatest scourges of humanity. As a result of their work, together with the later discoveries of immunization and antibiotics, we have come a long way toward conquering the killer infectious diseases in the Western World.

From 1900 to 1978 deaths from communicable diseases in this country fell by 93 percent. Once among the most burdensome illnesses, these conditions now account for only 2 percent of deaths in the United States. In 1979, less than 1 percent of people who died before age 75 in the United States died from infectious diseases. Between 1900 and 1950, life expectancy increased from 47.3 years to 68.2 years. That was an achievement unparalleled in history. It was made possible by a health strategy that emphasized the maintenance of good health and the prevention of disease.

With the conquest of infectious disease, we face new health problems and new challenges. Now the chronic diseases—including heart disease, stroke, and cancer—are our most burdensome illnesses, accounting for 71 percent of all deaths in our country.

Until very recently, we sought to deal with these new challenges with new weapons drawn from the arsenal of curative medicine. Impressed, and rightly so, with the power of biomedical science to develop new disease treatments, we wrongly concluded that tending the ill was sufficient to improve the health of our people. Even today we spend only 2 percent of each health dollar on disease prevention, and the Department of Health, Education, and Welfare estimates that only 4 percent of each Federal dollar goes for disease prevention.

That strategy failed. From 1950 to 1970, life expectancy in this country improved only 4 percent, and infant mortality remained virtually unchanged. During that same period, however, health care expenditures did not stagnate in the same fashion; far from it. From 1950 to 1978 alone, health care spending increased by over 700 percent.

Now the evidence is growing that once again disease prevention and health promotion can open the door to an historic new era of progress in health and medicine. The first indications were the early studies in the 1950's which linked cigarette smoking with lung cancer. Next came the Framingham study, which demonstrated in my own State of Massachusetts that cholesterol levels, blood pressure, and smoking were closely linked to the development of heart disease, stroke, and other diseases of the cardiovascular system. A cascade of new investigations followed. In the late 1960's, Dr. Lester Breslow and his colleagues demonstrated that a few simple modifications in lifestyle—no smoking, regular exercise and sleep, maintaining normal weight—could extend life expectancy by anywhere from 7 to 11 years.

More recently, the Stanford heart disease project, which I have seen firsthand, has demonstrated that an organized prevention campaign can reduce the risk of heart disease by 20 percent in a single community. A recent Finnish study has shown that a community-based prevention effort could cut heart attack rates by 15 percent and stroke rates by 40 percent.

These are real achievements. They dispel once and for all the false cliche that prevention is a nice idea, but does not work. Prevention can work. Research paid for with our constituents' tax dollars has demonstrated that fact beyond reasonable doubt. And now it is the responsibility of our Government to make the benefits of this new knowledge available to the American people.

Prevention in America today means immunizing our children against disease. Prevention means screening for high blood pressure. Prevention means ridding our cities of rats. Prevention means identifying and cleaning up toxic waste dumps. Prevention means controlling tuberculosis. Prevention means reducing each individual's risk of heart disease, cancer, and stroke. Prevention means reducing the incidence of mental retardation. Prevention means better health for all of us—at a much reduced cost. Let us look at what prevention means to children.

The national childhood immunization initiative was begun in 1977 when surveys revealed that over one-third of school-aged children were inadequately immunized against the major vaccine-preventable diseases. A goal was established to raise the immunization levels to over 90 percent by the fall of 1979, and program activities were tailored to meet that goal. Today of the 24 million children in kindergarten through eighth grade, 91 percent have been immunized against measles, 93 percent against rubella, 87 percent against mumps, 93 percent against diphtheria, pertussis, and tetanus.

The health impact of this level of protection is enormous when one considers the morbidity and mortality associated with these common childhood diseases. For example, encephalitis occurs in 1 of every 1,000 measle cases, often producing permanent brain damage; death occurs in 1 of every 10,000 cases. No one needs to be reminded of the terrible, permanent effects of paralytic polio.

The savings in human life, misery,

and economic resources which result from these prevention programs are huge. It cost $108 million to immunize our children against measles. It would have cost more than $1 billion to treat them for measles. Let us look at what prevention means for the millions among us with high blood pressure.

Hypertension, often called the silent killer because it has few physical manifestations, is an insidious disease contributing significantly to death and disability among the estimated 60 million hypertensive Americans. Each year 200,000 Americans die of the disease. An important contributor to stroke, heart disease, and kidney disease, high blood pressure is estimated to cost the Nation more than $8 billion each year in medical care costs, lost productivity and lost wages. And yet high blood pressure can readily be controlled at a modest cost once an individual is aware of the condition. Largely as a result of the federally sponsored screening and education program, the number of identified and adequately treated hypertensives has more than doubled since 1972. The program has resulted in a significant decline in mortality from all causes and demonstrated the benefits of treatment for all affected individuals. Participants with mild high blood pressure experienced death rates 17 percent below nonparticipants. Mortality rates for black program participants declined 22.4 percent relative to nonparticipants.

While by all definitions our preventive health strategy has been a ringing success, it is a strategy that is successful only so long as we continue to maintain and strengthen it.

Unfortunately, health prevention activities are easy to overlook once a crisis is over. The childhood immunization initiative began as a result of the complacency of the early and midseventies when the first massive childhood immunization program had concluded and immunization rates began to drop rapidly while cases of vaccine-preventable diseases rose just as dramatically. Controlling hypertension requires adherence to a regular regimen of medication and diet, a difficult proposition when the disease does not initially manifest itself in physical disabilities. In the past, we have implemented cyclical efforts to control venereal diseases. For the second time in 25 years, we are experiencing an increase in the incidence of tuberculosis, a communicable disease we once thought we had under control and on the way to eradication. The lesson is clear. The diseases we have the power to prevent have the power to recur when we cut back on prevention.

Prevention has payoffs in other areas as well. The President's Committee on Mental Retardation recently reported that more than 50 percent of the biomedical causes of mental retardation are preventable. Their report tallied more than 200 known causes of retardation including birth injuries, toxic conditions, inherited genetic factors, measles, diabetes, X-rays, household poisonings, metabolic disorders, maternal malnutrition, alcohol and drug abuse, and Rh blood disease. The annual cost of caring for the Nation's 6 million retarded citizens is estimated at $11 billion in Federal, State, and local funds. Appropriate counseling, screening, and information programs could go a long way toward reducing these dollar costs as well as the human costs of this tragic and all too often unnecessary condition.

The Budget Committee's allocation for the programs within the jurisdiction of the Labor and Human Resources Committee assumes a 25-percent reduction in health prevention spending. So does the President's budget request. Such a reduction would be unconscionable. Proponents say that savings in administrative costs will make up the difference. But even Secretary Schweiker has admited, in testimony before the Finance Committee, that we can only expect to save, at most, 10 percent in administrative costs. Alternatively, we have been told that every program must absorb cuts if we are to achieve economic recovery. While budget reductions in many areas may be the price we have to pay, reducing support for health prevention is much too high a price. For every dollar we cut from prevention, we will spend many more in treating preventable diseases and conditions. For every dollar we cut from prevention, we will create additional burdens in pain and anguish that know no price tags.

So, I offer an amendment that would restore $50 million to the committee's allocation for preventive health services, an amount less than two-tenths of 1 percent of total health care expenditures and an infinitesimally small share of the Federal budget. Effective health prevention could use considerably more; we cannot afford to do less.

I urge my colleagues' support of my amendment.

HEALTH SERVICES

Mr. President, community health programs—community health centers, migrant health centers and black lung clinics—provide essential services to the poor and medically underserved in our Nation's cities and rural areas. For most of the users of these centers, there are simply no alternative health care services available.

In a nation that is producing enough physicians to meet its needs, it is unconscionable that every citizen does not have reasonable access to quality health care. Yet more than 20 million Americans reside in medically underserved areas where the poverty level is so high that physicians cannot make a living or where physicians have been unwilling to locate because they could make a comfortable living in wealthy, medically overserved suburbs. While there is some evidence that physicians are beginning to locate in smaller communities that up to now had not had physicians in residence, there is no evidence that physicians are now willing to locate in poor urban areas or in poor rural areas.

In fact, the evidence is to the contrary. While the national patient care physician-to-population ratio rose from 120 per 100,00 in 1968 to 150 per 100,000 in 1978, the ratio in rural counties actually decreased. In poor urban areas, the data are even worse It is now virtually impossible to find a physician in private practice in the south Bronx, in Roxbury, in east Los Angeles, in east St. Louis, in south Philadelphia.

According to the Department of Health and Human Services, the poor are twice as likely to suffer from chronic and debilitating conditions than the population as a whole. Where do these Americans find health care services? Two hundred and ninety-nine federally funded community health centers provide services to more than 2½ million urban Americans who otherwise would be forced to seek primary health care services in the emergency rooms of already financially distressed hospitals at double or triple the cost of a visit to a community health center. Five hundred and seventy-three centers provide services to more than 2½ million rural Americans who otherwise would be forced to travel long distances to obtain needed services. And what of the more than 2 million migrant farmworkers whose health and social needs were once a national disgrace—who were written off by the States and local communities as Federal responsibilities? Absent more than 1,000 the federally sponsored centers and clinics, too many poor Americans—urban and rural—would postpone seeking care until they became seriously ill and required intensive—and expensive—hospitalization.

Who are the users of these community-based health centers? Eighty percent of health center users are members of minority groups; 71 percent are below the poverty level. Only 43 percent of users are on medicaid. A majority lack any third-party health insurance coverage.

And community health centers are cost-effective providers. Studies show dramatic reductions in hospitalization rates among users ranging from 25 to 67 percent. The resultant savings are greater than the annual appropriation for the health center programs. Equally as dramatic are the reductions in infant mortality rates in communities served by health centers. Several studies have found reductions as great as 40 percent compared with adjacent areas without center services.

The President has proposed a 25-percent reduction in funding for these vital health care delivery programs. The Budget Committee's mark for the Labor and Human Resources Committee assumes adoption of a 25-percent reduction in current spending. Reducing spending means reducing the availability of needed services. How will the decision be made as to who continues to receive services and who loses services? Where will the residents of east Los Angeles, Roxbury, south Bronx go for services? How will we explain the loss of their health centers to the people who live in and around Frostproof, Fla., Woodburn, Oreg., and Dry Run, Pa.? Where will the thousands of victims of black lung disease find the specialized care they need? The answer in all too many cases—"sorry, services are no longer available."

Community and migrant health centers, and black lung clinics are too valuable a resource, provide too valuable a service to warrant a significant reduction

in the Federal commitment. A healthy economy depends on a healthy work force. And sick people cannot work.

I urge my colleagues to acknowledge the essential contribution these programs make to the health of our less fortunate fellow citizens and support continued funding at the fiscal year 1981 appropriation level.

Mr. GORTON. Mr. President, I think it is vital for the Members of this body and for the people of the United States to know that, in connection with the programs which are the subject of this amendment, that the proposal of the administration is, first, not to terminate Federal presence and Federal support for preventive health programs.

Second, it is to provide for far greater flexibility in the administration of those programs by taking some 26 or 27 of them into a block grant program for preventive health, the net results of which will almost certainly be a more sensitive situation administered by the States and by local communities than we have had with a series of often not interconnected categorical aid programs.

This proposal of the President is for a relatively modest cut of some 11 percent in outlays for fiscal year 1982 under the Carter budget; a number of dollars which is almost equal to the number of dollars appropriated in fiscal year 1981 for the collection of these most important and most vital programs.

There is not the slightest question in my mind but that almost every State in this Nation can, if it is freed from the tremendous number of regulations involved with each one of these independent programs at the present time, provide better preventive health authority than the Federal Government is doing through its various departments right now.

No one can argue with the Senator from Massachusetts as to the value of preventive health care. No one in the administration in fact is doing so.

It is highly clear, on the other hand, that the present categorical grant system has fostered not only an unwieldy but a totally fragmented system for the delivery of public health services across the board, very specifically including those falling within this preventive health care grant.

For example, in 1975, the General Accounting Office report on family planning programs, which fall within this area, determined that States were not providing reports adequate to determine whether or not they were complying with the Federal guidelines. The then HEW audit activities were inadequate; the targeting of programs for low-income people was inadequate. Four years later, in 1979, the General Accounting Office made, for all practical purposes, identical findings.

In 1978, the GAO report on neighborhood health centers found that HEW was not adequately enforcing compliance with efficient staff productivity criteria, that HEW control of overhead charged to grants was inadequate, and that health center promotion of preventive health services was inadequate. A year later GAO found that these problems had not adequately been met or, in some cases, had not been met at all.

Simply, what we have before us here in this amendment is an attempt to reduce or to eliminate the necessity and the desirability for changing from a categorical grant system which has not worked to a block grant system which has a far greater potential, a far greater possibility of working; one which is more likely to meet the specific needs of citizens in individual communities and individual States throughout the United States of America.

Those needs, even in the field of preventive health, are not identical. Each community and each State is far better able to decide its own priorities than are we here in the Congress of the United States or than is the Department of Health and Human Services.

This is an experiment which is made necessary by the desperate fiscal condition of the United States of America. It is at the same time an experiment which should have taken place in any event, even if the Government of the United States were running a surplus. And the only effective way to see to it that these categorical grant programs are consolidated into block grants and are in fact managed by the States is to see to it that there is at least a modest cut in the straightline increase in every one of these programs which has been a feature of it the last many years, ever since each one of them was created.

The fact that these programs have been affected much less adversely than many others indicates the sensitivity of the administration toward their content, toward their desired goals. Beyond question, this cut can be absorbed by the States with a better quality of services without the overseeing of the Federal Government upon the defeat of this amendment, the passage of this resolution, and the consequent action of the authorizing committees of the Congress of the United States to make the changes which are assumed in this resolution itself.

In other words, we will do better in providing preventive health care services by moving in this direction than we would by continuing all of the errors of the past.

Before I sit down, however, I believe that it should be mentioned in this connection, as in connection with every other amendment with which this body has dealt since Senate Concurrent Resolution 9 was first debated on this floor, that there is one overriding goal of this process and only one. That goal is the economic recovery of the United States. We have, for decades, consistently operated a system under which the percentage of the production of the people of the United States which goes to the Government of the United States for its determination as to priority has increased.

In the last 2 or 3 years, the results of that constant increase have been dramatic. They have been a rate of inflation consistently and persistently in double digits. They have been a consistent decrease in the growth of productivity in the United States. These have been the inevitable consequences of not only increased Federal spending, but Federal spending increasing at a rate much too fast for the economy to absorb it and to remain healthy; of a taxation system which constantly takes a greater percentage of what the American people earn and produce each and every year without any action on the part of Congress whatsoever; a constant increase in the supply of money not represented by our growth in goods and services; and overregulation of our economy.

We are working on only one of two of the elements of the necessary reforms here in this resolution, but they will lead us very quickly into the other two or three elements as well.

What we are doing here is providing an attempt—the last best attempt—to get some kind of control over growth in Federal spending and at the same time by moving from categorical aid programs to block grants, reducing the amount of regulation which affects people and the economy of the United States.

There is no question but that this process is a painful one. People who have been active in the administration of particular Federal programs may have to find other careers. People who have depended on and have been insulated from the political process by narrow categorical aid grant programs directed at their own special interests may have to compete with others with equally important or equally vital interests within the nature of a free political system.

This is a challenge to which we should look forward for its own sake in increasing the responsiveness of the Government of the United States and of the various States to the needs of the people and at the same time and, even more importantly, beginning the economic recovery of this country—an economy on which all social services depend.

As we have defeated other attempts to break down the economic recovery program of the President, to add back in the $100 million here, $300 million there, $1 billion there, to the point at which we would have no change in policies whatsoever, we should also defeat this amendment; first, because it is necessary in order to see to it that we move quickly toward economic recovery and, second, because a better delivery system of preventive health services will be the inevitable result.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. How much time remains?

The PRESIDING OFFICER. The Senator from Massachusetts has 14 minutes and 54 seconds remaining.

Mr. KENNEDY. I yield myself such time as I may use.

I listened with great interest to the response of my colleague from the State of Washington. But he fails to respond to one critical question. There is not one health care expert—that is, either a scholar or professor who is involved in health care programs—that believes that this kind of budgetary reduction is going to make any sense at all in the context of preventive health.

The administration has not made a

good case for these budget cuts before the Congress of the United States or the American people. It has been unable to find any experts in preventive health who would support the kinds of reductions that we have seen proposed here today.

The fact remains, Mr. President, that these preventive health programs have been a good example of an effective partnership between the State and Federal Governments. And that partnership, I think, has been a clear success.

Who would dispute that the childhood immunization program has been successful, or that the efforts in the area of hypertension have been successful, or that the federally funded Framingham study, which talks about the dangers of high degrees of cholesterol, has been successful?

When you block grant these programs, and impose draconian reductions of 25 percent the States are going to struggle for resources.

In many instances the programs that are being lumped together, Mr. President, reach out to individuals who have not historically had the political muscle to get State governments to respond. That happens to be the fact. That happens to be the history. That happens to be the reality that we have seen over too many long years. When that does happen, the people suffer, suffer seriously, and then the cost of providing health care to them increases immeasurably.

The Congressional Budget Office does not support the position which has been taken by the Senator from Washington. He claims that the 25-percent reduction could be absorbed by better administration of the program. But the studies show that better administration can only result in savings of anywhere from 3 to 5 percent, but really not more. So we should not delude ourselves. We are going to be cutting into the substance of the program, we will be chopping the meat, not the waste.

Mr. President, I think we have to realize that with these budget reductions in the areas of preventive health we are going to be pound foolish in order to be pennywise. We should continue the longstanding commitment of this country in this area.

I am mindful, Mr. President, that we as a country expect quick solutions to many of the longstanding health problems that we face. We have seen the virtual elimination, for example, of smallpox in the world community. When you reduce the commitment to health care in areas like immunization programs those diseases come back, and come back with an alarming ferocity.

That is one of the principle reasons that we made dramatic efforts in 1977 to increase the whole immunization program. That effort was basically a partnership between the Federal Government and State governments and it worked.

It seems to me that that kind of cooperation, that kind of shared responsibility, is one that we should not easily discard. It has been tried, it has been tested, and there are millions of children and others in this country who have benefited from that partnership.

It is my belief that with this kind of significant budget reduction, we are putting at risk the health of additional millions of Americans.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent that Senator BUMPERS be added as a cosponsor.

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

RURAL HEALTH AND BLACK LUNG CLINICS

Mr. ROBERT C. BYRD. Mr. President, I rise in support of this amendment. The reconciliation instruction to the Labor and Human Resources Committee, as it currently stands in Senate Concurrent Resolution No. 9, could cause a grave injustice to a number of people most in need of basic medical care.

I am speaking of people in rural areas, people who work as migrant laborers, and miners who have contracted black lung disease. These people do not have money to go to the best hospitals. Far from it. Sometimes, any kind of hospital might be available to them only in case of an emergency. What many of us may consider to be routine health care may be difficult or impossible for many of these people to obtain.

The rural areas of America, including the Appalachian region, receive less than their fair share of medical services. Community health centers—small clinics—in rural areas attempt to provide fundamental health care for people in those areas.

Thousands of victims of black lung disease have had their suffering reduced in some part through the efforts of specially trained people in other small clinics in nine States.

Medical personnel in Alabama, Colorado, Illinois, Indiana, Kentucky, Ohio, Pennsylvania, Tennessee, and my own State of West Virginia help black lung victims to live, however uncomfortably, with that dreaded lung disease. These medical personnel are trained to instruct black lung victims in the use of simple oxygen equipment in their homes. Many black lung sufferers require such equipment, including oxygen tents and facemasks. The health care information provided to these miners is invaluable.

The administration's proposal to consolidate these kinds of small health programs—for rural areas and black lung victims—is intended to save money. Over the long run, that may be the case. But in the short term, administrative costs for these programs may increase, as States struggle to fill the void left by the Federal Government. And in the long term, it should be noted that the proposed reduction in these health programs is four or five times greater than the administrative costs of the programs. An inhumane cut in the black lung and community health clinics program would result.

For these reasons, I support the amendment, and I urge its adoption.

● Mr. LEAHY. Mr. President, I enthusiastically support Senator KENNEDY's amendment to restore funds for three programs which provide essential health services to poor Americans residing in the rural and urban medically underserved areas of the Nation. The community health center program, the migrant health center program, and the black lung clinics together provide health care to 6 million Americans. The vast majority of these people live below the level of poverty and have little or no health insurance.

The President has requested a 25-percent reduction in funds for these programs. If that proposal is approved, more than 2 million Americans will no longer have access to primary health care. Senator KENNEDY's amendment would merely allow these programs to receive in fiscal year 1982, the same amount they received in fiscal 1981. No increase in funds for these programs has been requested.

I support this amendment and urge my colleagues to support it for a number of reasons.

First, the continuation of these programs is essential to the national goal of containing soaring health care costs. Numerous studies, Federal and private, have demonstrated that people who use community health centers have far lower rates of hospitalization than those who do not use health centers.

Health centers reduce hospitalization between 25 and 60 percent. The savings to the health care system, through reduced rates of hospitalization and emergency room use, amount to over $400 million. Thus, these programs have saved more than they cost.

Second, the continuation of these programs at the current year's level is essential to the national goal of encouraging the most cost-effective and efficient use of Federal tax dollars. Over the last 6 years, the inflation rate equaled 55 percent. Appropriations for these programs grew by only 47 percent. Yet during this time, community health centers were able to reduce their costs for administration by 20 percent. In addition, the number of people served by the community health centers grew by 200 percent.

Third, the continuation of these programs is crucial to the national goal of protecting the most truly needy in our society. Only 6 million of the 26 million Americans who are medically underserved are currently assisted by these three programs. These programs serve the most needy Americans. Seventy-one percent of those aided have incomes below $7,000 and 60 percent have incomes below the poverty level. Almost 50 percent have no health insurance and are not entitled to medicaid because they are migrants or members of intact families.

These programs have been extremely effective. In some communities, they have reduced infant mortality rates by 50 percent and reduced the incidence of preventable diseases, such as rheumatic fever, by 60 percent. Their emphasis on preventive health care, screenings and immunizations have prevented or contained outbreaks of typhoid fever, tuberculosis, and parasitic infections.

Mr. President, this is a reasonable amendment which will serve to further our national goals of reducing health care costs, promoting the effective use

of Federal tax dollars, and alleviating health personnel shortages in rural and urban areas. I strongly urge its adoption.●

BLACK LUNG CLINICS

● Mr. RANDOLPH. Madam President, the amendment offered by the senior Senator from Massachusetts, Mr. KENNEDY, in which I join, will yield a substantial dollar savings for the American people—not only for the fiscal years this amendment addresses—but into the future.

All Senate Members are familiar with the continuing rise in health care costs which has adversely afflicted men, women, and children. Despite substantial efforts by some segments of the health care industry, the rate of increase of health care costs continues to exceed the rate of inflation.

If we are able, however, to reduce the need for costly hospitalization, surgery, and therapeutic programs through preventive health care, all citizens will benefit in reduced health care costs—not only those who do not need the intensive services associated with inpatient care, but all Americans through an overall reduction of costs.

Included in the package, Madam President, is the restoration of funding for the coal miners' respiratory clinics program. The program provides outpatient treatment for active and inactive coal miners suffering from respiratory diseases related to their employment.

The services provided include education, training, and counseling of the patient and family members, so as to help the patient learn to live as comfortably as possible with the impairment and to slow down the progress of the disease. Specialized services are delivered through an organized health care system based on primary care, utilizing existing health centers.

Currently, 50,000 miners are helped through 105 clinics in 9 States—Alabama, Colorado, Illinois, Indiana, Kentucky, Ohio, Pennsylvania, Tennessee, and West Virginia.

This limited program permits miners and ex-miners to live with their respiratory disease without hospitalization.

The program has met with substantial success to date in assisting 50,000 miners suffering varying degrees of disability. Over 200,000 additional individuals—I emphasize 200,000 individuals—have yet to be reached through the program. It would, Madam President, be a mistake to restrict this program now, and force many miners to seek costly hospital treatment for their affliction.

The other elements of this amendment Madam President, address similar preventive health care programs. These programs should not be curtailed. I urge my collcagues to support this necessary amendment.●

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

Mr. GORTON. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Massachusetts. 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 West Virginia (Mr. RANDOLPH) and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 36, nays 62, as follows:

[Rollcall Vote No. 60 Leg.]

YEAS—36

Baucus	Ford	Matsunaga
Biden	Glenn	Melcher
Bradley	Hart	Metzenbaum
Bumpers	Hollings	Mitchell
Burdick	Huddleston	Moynihan
Byrd, Robert C.	Inouye	Pell
Cannon	Jackson	Pryor
Cranston	Kennedy	Riegle
DeConcini	Leahy	Sarbanes
Dixon	Levin	Sasser
Dodd	Long	Tsongas
Eagleton	Mathias	Weicker

NAYS—62

Abdnor	Garn	Nickles
Andrews	Goldwater	Nunn
Armstrong	Gorton	Packwood
Baker	Grassley	Percy
Bentsen	Hatch	Pressler
Boren	Hatfield	Proxmire
Boschwitz	Hawkins	Quayle
Byrd, Harry F., Jr.	Havakawa	Roth
	Heflin	Rudman
Chafee	Heinz	Schmitt
Chiles	Helms	Simpson
Cochran	Humphrey	Specter
Cohen	Jepsen	Stafford
D'Amato	Johnston	Stennis
Danforth	Kassebaum	Stevens
Denton	Kasten	Symms
Dole	Laxalt	Thurmond
Domenici	Lugar	Tower
Durenberger	Mattingly	Wallop
East	McClure	Warner
Exon	Murkowski	Zorinsky

NOT VOTING—2

Randolph	Williams

So Mr. KENNEDY's amendment (UP No. 37) was rejected.

Mr. HOLLINGS. Madam President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Madam President, the next amendment is by the distinguished Senator from Ohio, on youth services.

UP AMENDMENT NO. 38

(Purpose: To restore funds for youth training programs)

Mr. METZENBAUM. Madam President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) for himself, Mr. RANDOLPH, Mr. WILLIAMS, Mr. EAGLETON, Mr. RIEGLE, Mr. KENNEDY, Mr. LEVIN, Mr. MOYNIHAN, Mr. SARBANES, and Mr. CRANSTON, proposes an unprinted amendment numbered 38.

Mr. METZENBAUM. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, beginning with "authority" in line 16, strike out through "1983" in line 20 and insert in lieu thereof the following: "authority by $52,425,000,000, and outlays by $35,645,000,000, in fiscal year 1982; and to reduce budget authority by $58,728,000,000, and outlays by $47,294,000,000, in fiscal year 1983."

On page 10, beginning with "$10,303,000,000" in line 6, strike out through "$10,913,000,000" in line 9 and insert in lieu thereof the following:

"$9,903,000,000 in budget authority and $7,628,000,000 in outlays for fiscal year 1982; and $11,863,000,000 in budget authority and $10,513,000,000".

Mr. METZENBAUM. Madam President, this amendment that I propose is cosponsored by Senators RANDOLPH, WILLIAMS, EAGLETON, RIEGLE, KENNEDY, LEVIN, MOYNIHAN, SARBANES, and CRANSTON.

Madam President, this country faces a situation in which approximately 19 percent of our young people are literally walking the streets in search of opportunities. We have a situation today in which 40 to 50 percent of the minority youth in our cities cannot find employment.

Nineteen percent of youth generally cannot find a job. Millions of young Americans are moving into adulthood without having had the opportunity to mount the first steps in the career ladder.

We have heard a lot of rhetoric about people who do not want to work. We have heard they are lazy; we have heard they are bums; we have heard they are cheating the system.

Madam President, I believe the young people of this country want to work if they are given an opportunity to do so.

We hear very little about the vast majority of our unemployed youth who actually want nothing more than a chance to learn a marketable skill.

I hardly ever go back to Ohio but that some young person does not come up to me on the streets of Ohio and say, "What are you going to do about helping me find a job, man?" All he wants is a job; all he wants is a chance to participate in the economy. He does not want relief, he does not want any special kind of program to take care of him. He just wants a chance to work.

I refuse to accept the idea of abandoning millions of these young Americans to marginal lives, and I believe it is shortsighted in the extreme to cut the very program that offers a chance, a way out of a self-perpetuating cycle of poverty and unemployment.

As a matter of fact, the administration originally proposed to eliminate youth employment programs entirely by consolidating them with the adult programs, and in one of the few breaks with the President, the Budget Committee could not, would not, and did not go that far. The committee restored a third of the original funding level for youth employment, and for that the committee is to be congratulated.

My amendment, cosponsored by the others whom I have mentioned, would add $300 million to bring that level to two-thirds of today's level. That amendment is supported by:

National Association of Counties.
Campfire Inc.
National Youthwork Alliance.
American Red Cross.
Big Brothers and Big Sister.
Future Homemakers.
Girls' Clubs.
Girl Scouts of U.S.A.
National Board of YMCA's.
YWCA of U.S.A.
National Network of Runaway Services.
United Neighborhood Centers of America.
Boys Club of America.
National Governors Association.
70001 Ltd.
National Urban League.
New York Urban Coalition.
Human Environment Center.
Center for Community Change.
Fortune Society.
Jobs for Youth.
National Child Labor Committee.
National Council of La Raza.
National Institute for Work and Learning.
National Puerto Rican Forum.
New York City Mission Society.
OIC's of America, Inc.
Rural New York Farmworker Opportunities Inc.
Vocational Foundation, Inc.
Youthwork Inc.
Great City School.
Americans for Democratic Action.
League of Women Voters.
National Conference of Catholic Charities.
National Urban Coalition.
National Center for Youth Law.
Wider Opportunities for Women.
Center for National Policy Review.
Jobs Roundtable.
National Education Association.
United States Conference of Mayors.
AFL–CIO.
Children's Defense Fund.
United Auto Workers.

I read that litany of organizations supporting this amendment because I thought the Members of this body ought to understand the broad-based support and concern for the young people of America.

According to the Vice President's Task Force on Youth Employment, which released its report on January 15, 1981, after 2 years of research and hearings, the need for youth employment programs is overwhelming. Let me quote a few of their findings:

1. Youth employment problems and opportunities are unevenly distributed between regions and ethnic groups. Without a bold new initiative, the 80's are likely to exacerbate these inequities.

2. Many of our young people don't have the basic reading, writing and arithmetical skills necessary to get and hold a decent job.

3. Employers sort out applicants based on work experience and reliability. Without opportunities, young people face the catch-22 dilemma. You can't get experience without work and you can't get work without experience.

4. A partnership is needed to serve our young people—business, schools, labor unions, community-based organizations, and government. No single institution created the dilemma we face today; no single institution can cure it.

The task force further states that minorities face some of the most serious problems in transition from school to work. Twenty-five years ago the unemployment rate for white youth was about 13 percent. It remains about the same today.

Twenty-five years ago the unemployment rate for black youth was 16 percent, but it is interesting to note that that figure, the 16 percent, has grown to 30 percent or about 2½ times the white youth unemployment figure. If we are going to unravel the paradox of youth unemployment, we must answer the question why has this occurred? Minority youngsters experience more unemployment than young whites as they enter the transition period. They continue to be shortchanged throughout the school-to-work transition, and fall even further behind.

If we just take three measures of equity, whether you are employed, how much you earn, and what kind of work you do, we find the minorities fall far behind in all three.

Hispanics are substantially more likely than whites to be unemployed. Blacks are 2½ times more likely to be unemployed than whites.

By age 25 to 26, black men who have not attended college earn $2.19 per hour less than noncollege white men. Wages for all women are low. But black women earn even less than white women.

By age 21 to 22, only 10 percent of whites work in less desirable unskilled jobs; almost 40 percent of blacks do.

I am willing to admit that some of the youth training programs in the past have been ineffective. I am willing to concede that there have been some transgressions, and there probably have been some waste and abuse. But numerous steps taken in recent years have improved those programs.

Today, over 75 percent of the participants in youth employment training programs either return to school or they move into private sector jobs. The 17- to 18-year-olds in the program, who received on-the-job training in the private sector, were able to earn $776 more per year than young people who did not participate in the program.

Madam President, the Labor and Human Resources Committee which has jurisdiction over these programs does not support the action of the Budget Committee. In fact, the authorizing committee specifically recommended to the Budget Committee that youth programs be held at their current levels. This is the committee which has the most knowledge about this program, and the committee which has examined these programs in depth.

Madam President, if we allow the Budget Committee's recommendation to stand we are cutting deeper into youth opportunities. There may be some in the Senate who respond to this Senator from Ohio who might say, "Well, yes, but that is a black problem about which you are speaking and that is not a special problem of our area."

I can only say to you that the 50 States of this Union stand together or fall together. The problem of unemployment of young people in this country, black and white alike, is a problem that all of us share.

I remember as a business person coming to this very city many years ago when the cities of America were being burned down, and with the leading business persons of this Nation gathered together to talk about the problem of what we were going to do in order to keep our cities from being totally destroyed.

Who among us would suggest that if you destroy Detroit or Cleveland or Pittsburgh or Philadelphia or any other city in this Nation that the rest of the Nation does not suffer and that this Nation does not suffer internationally as well?

What we are talking about today are programs that would be penny wise and pound foolish. By cutting back on the dollars for youth employment programs what we are saying is, "We will save a few bucks now but, in the long run, this Nation will pay the price," and that price is too high a price to pay.

There are none amongst us on the floor of the Senate who do not want to balance the budget. That is a flag that we all fly under. But the fact is that we are taking it out of the hides of young kids who want to work, who need some training in order to be able to work, who believe that this country is a country of opportunity and who are being denied that opportunity. That young lady, who sat in my office yesterday and said she was training to be a social worker on a Government program but the program will stop within weeks, said, "I do not know where I will turn and what kind of job I will get." And she is just symbolic of literally hundreds of thousands like her.

This program does not make good sense for America. This does not alone affect the youth of our country, this program has to do with the strength of our Nation. And I hope that this U.S. Senate will put aside the political considerations, will recognize that we can find that $300 million and that we will not go that much further than the President did in cutting the budget as the Budget Committee did. We went beyond that figure. Let us put this $300 million back and give the children of America a chance, but at the same time give America's future a chance.

Madam President, I yield to the Senator from Maryland.

Mr. SARBANES. Madam President, I thank the Senator for yielding.

Madam President. I am pleased to join the Senator from Ohio, my distinguished colleague, in sponsoring this amendment.

Madam President, I cannot imagine any issue of greater importance than the question of youth training and of jobs for our young people. The current employment outlook for our Nation's youth is a bleak one. The current and projected unemployment rates are distressing. It is a problem upon which our society must focus.

In the end, the failure to be trained for and to hold a job undermines the self-respect of the person involved and it denies them an opportunity to become productive members of society.

We should strive for people to become productive members of our society, to

have the training, to develop their skills, and to have the opportunities to go to work and become an integral part of the work force. The benefits of that are obvious, not only for the individual, not only for his family, but also for the society.

The proper approach in addressing this serious problem is certainly not to reduce funds for youth training. Training is often the key to one's ability to attain and to hold employment. A recent article in the Baltimore Sun on the jobless rate in West Germany discussed at length the training programs for the young people in that society in an article entitled, "Training Held Key to Minimal Unemployment." The article states that one of the clearest reasons West Germany has achieved such success in dealing with unemployment is because of their emphasis on training programs for their youth.

Recently, a study by the Johns Hopkins University concerning CETA participants showed that 5 years later over 80 percent of them were in private sector permanent jobs. So the carryover of this training and of the skills developed is greater than we have been led to suppose. Most of the surveys which have been done on the issue of subsequent private sector employment have been done a few months subsequent to the training program when many of the people have not yet been able to move into permanent, private sector jobs.

But this study, which lengthened out the period for making the survey, found that at the end of a 5-year period over 80 percent of those who had been through the training programs were in permanent, private sector employment.

Now the consequence of that placement is the individual gains self-respect and dignity which comes with having a job. He is able to support a family. And the society of course gains the contribution of the people who are working instead of being idle.

It is an enormously important objective and I commend the Senator from Ohio for his amendment and very much hope that the Senate will adopt it.

I thank the Senator for yielding.

The PRESIDING OFFICER. Who yields time?

Mr. METZENBAUM. Madam President, I yield 2 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Madam President, I am very glad to support the amendment of the Senator from Ohio giving $300 million for job training under the Comprehensive Employment and Training Administration.

I have long been a supporter of this program. I think it has done an excellent job in most cases. There have been some instances of abuse, but in general it has done a good job and it needs and deserves to be contained.

As with so many of my colleagues, I believe a main resource in our Nation are our young people. Indeed, they may be characterized as the strength of our Nation for we will depend upon the character, their education, and their health in the future.

So far we have given them pretty short shrift in this Chamber. I am depressed at the 2-to-1 votes which are all we gave to our young people yesterday for the cause of education. Maybe we could do a little bit better this time and try to help them along with these job training amendments.

After having been chairman of the Subcommittee on Education for the past 12 years, I realize that programs of this sort take quite a lot of time to take hold. And I think that we should give them this time and should extend their life.

In addition, I hope the amendment will be passed so that we can maintain these youth programs at the local level and continue to draw upon the technical resources available in community-based organizations and local education authorities.

We all know that today, April 1, 1981, youth unemployment is at a very, very high level. In fact it is at an intolerable level. There are no jobs in our cities for family breadwinners let alone teenagers. And without these programs high school dropouts—young people with particular personal problems and the very poor—will find it ever more difficult to break into the job market and receive a "fair chance" in our society.

I am concerned that if we do away with youth programs and consolidate all the CETA training programs under one State block grant, as the administration has proposed, it would end up pitting teenagers against heads of families for available jobs.

It would be virtually impossible to design special programs necessary to target inner cities with high unemployment in order to ultimately solve this pressing problem.

I only hope the Senate will agree today to move on this program and support the Senator from Ohio in his excellent amendment.

Mr. METZENBAUM. Madam President, I yield 2 minutes to the Senator from Michigan.

Mr. RIEGLE. Madam President, I thank the Senator for yielding.

Madam President, I rise as a cosponsor of Senator METZENBAUM's amendment to restore $300 million for youth employment and training programs.

The jobless rate among the Nation's young people today stands at a published rate of 19.3 percent. I actually think it is higher than that. Unemployment levels for minority young people have reached a staggering and tragic figure of 36.7 percent. Again, I think that the real number is probably far worse even than those alarming statistics would suggest.

Despite this, the resolution before us makes deep reductions in youth training and employment programs, which will cut jobs for youth by more than 50 percent. In addition, this resolution assumes the elimination of both CETA public service jobs, programs, and 25 percent of those jobs also go to young people.

I believe that our youth employment and training programs have served us well. They have served those whose need for help is the greatest. Over 80 percent of those enrolled are economically disadvantaged. Roughly a quarter come from families on welfare. Nearly half are minorities and a substantial number are high school dropouts who otherwise would not be able to get the kind of job training they need in order to gain full-time employment. These programs are highly successful; 75 percent of their graduates go into unsubsidized jobs or back to school to complete their education.

These are not the kinds of programs which we should be cutting at this point.

Even if Senator METZENBAUM's amendment is agreed to, we will still be making significant reductions in youth employment and training programs. So while this amendment does not go as far as I would like, it is a very important step in the right direction and I urge my colleagues to join in supporting this amendment. I congratulate the Senator from Ohio for his leadership on this vital issue.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Madam President, might I inquire of the distinguished Senator from Ohio how much more time he needs on this amendment?

Mr. METZENBAUM. I believe I have about 10 minutes remaining. Is that correct?

The PRESIDING OFFICER. Eight minutes and fifty-one seconds.

Mr. METZENBAUM. Another Senator is coming to the floor to speak and I would guess we would use pretty much the full amount of time. I am happy to yield to the distinguished Senator from New Mexico at this point.

Mr. DOMENICI. I thank the Senator. I gather, then, that the Senator hopes he can finish in the remaining time?

Mr. METZENBAUM. Yes; I do not intend to ask for additional time beyond the time originally allotted.

Mr. DOMENICI. I want to say to the Senator that unless something unusual happens, the opposition plans to use a total of 5 minutes so we will be through very shortly and then yield back to the Senator from Ohio.

Madam President, if you listen to the distinguished sponsor of this amendment and those who are in support of it, you would think that the President of the United States and the Budget Committee had ended youth employment and youth training programs in this country.

That just is not true. That just is not true.

The truth of the matter is that after we added in committee, pursuant to the Hatch amendment, $300 million in budget authority and $234 million in outlays for 1982 and $300 million in budget authority and $300 million in outlays for 1983 for youth employment training specifically. When you add the specific youth employment section of CETA with the training section of CETA, here is what you find: You find that the sum total of those programs before this recommendation for 1982 was $5.2 billion in outlays and, under the resolution, they will be $4.8 billion; $5.2 billion versus $4.8 billion. It is a $400 million difference in outlays in 1982 for training and youth employment combined, all of which is within the pre-

rogative of authorizing committee to use for precisely those purposes. And if they do, the only thing they will not do that has heretofore been done under CETA is that they will not fund public service jobs. Even the assumption of the distinguished Senator from Ohio does not purport to put money back for public service jobs under CETA.

In a nutshell, all the cruelty, all the lack of understanding for the problems of our young people, is summed up in that this program will be 92 percent of what it was before. That is it in a nutshell.

I remind Senators that this program was only invented about 7 years ago. I happen to know that, Madam President, because it was invented in my city. We did it because we could not understand how you could have six different job training programs. With the cooperation of the Dallas office, we invented CETA. We merged the job training programs under a joint agreement and we experimented with it. It worked and we sent it up here. But the CETA program we knew then is a far cry from what it is today. The problems are such that even those who invented it, the very city that invented it, have now looked at it and said, "It does not work. Strings, rules, regulations, abuses, all kinds of problems are there."

But even with all that, in the hope that the authorizing committees will restructure, will cause the good prime sponsors in this country to continue, and those who did not understand and did it poorly will have to do it better, we still left 92 percent of the training and youth employment money in 1982 and 1983, if Congress sees fit to keep it, as compared with 1981 levels.

I do not want to continue to use these cruel words, that we do not understand, that we want to throw young people out into the street. I do not want to continue to have to rebut those words. But it just is not true.

I would say, and this is not necessarily directed at the Senator from Ohio, to those who have caused America to have an economy which is floundering, inflation which is rampant, an economy which cannot produce, deficits in the past 4 years of over $200 billion, who have seen fit, because every program is wonderful, to cause America's budget to grow 16 percent a year for the last 4 years—I would submit that for all Americans, young, old, parents, schoolteachers, all of those whose cases they are supposedly advocating, what they have done to the American economy is the most cruel of all punishments. Yes, we can come down here on each program and argue how wonderful it is, and how great are the goals of each program. But the truth of the matter is that it is time to change the way we are doing business, and that is precisely what this will do.

I will say for myself and Senators like JIM MCCLURE, and others on this side, that we do not take a back seat on youth employment and youth training to anyone. We introduced one of the major acts on it 4 years ago.

I will be delighted if the authorizing committee used all of this money—you would think that there would be no funding at all after you see the tears here on the floor—$4.8 billion in outlays available to CETA, title I and the youth sections for 1982 and $4.4 billion available in 1983—for youth employment and youth training. But that is not our prerogative here on the floor. We are merely saying, "You have to cut down the authorizations to reach these levels of possible appropriation and no more."

That is all it means.

I hope that the Senators really will not believe what the distinguished Senator from Ohio is telling them here because it just is not true.

The PRESIDING OFFICER. Who yields time?

Mr. QUAYLE. Will the Senator from New Mexico yield?

Mr. DOMENICI. I am pleased to yield. How much time does the Senator desire?

Mr. QUAYLE. Five minutes.

Mr. DOMENICI. I yield.

Mr. QUAYLE. I thank my distinguished chairman for yielding me time. As usual, he is very eloquent and persuasive in his testimony about CETA or about any other particular aspect of the budget.

I did not get to hear the remarks of the Senator from Ohio, but I would like to put this amendment in perspective, Madam President.

The committee in its deliberation, and you will recall, Madam President, being a member of that committee, restored about $1 billion proposed by Senator HATCH. Of that, $300 million was earmarked for youth employment and training in this country.

I and a couple of other people joined a majority to accept that amendment. So we do have money in the reconciliation resolution targeted for youth training and employment.

Madam President, I am happy to report that the Subcommittee on Employment Productivity, which I happen to chair, has reported out an extension of the youth training employment programs in this country for 1 year so that, next year, when we have the opportunity to deal with the CETA legislation, the youth aspect will also be included. I am hopeful that the full committee will be able to take that up shortly and I hope that the House of Representatives will go along with us and we shall be able to pass that legislation. That will at least authorize the youth program so that there will not be any merit to statements that this administration or Senators on this side of the aisle are turning their backs on the young people in this country.

As the Senator from New Mexico, the distinguished chairman, pointed out, there are still $4.8 billion left in CETA; we are dealing with functional categories and not line items; and it will be up to the Committee on Labor and Human Resources to make the determination on how those moneys are going to be used. I, as somebody who is concerned about youth, will be making a continued pitch and a continued argument for the retention of youth training and employment for those young people that are truly deserving.

Madam President, I point out that the $4.8 billion that we are retaining in CETA is about 2.5 times what the original appropriation for CETA was in 1973, $2 billion. So we are not really cutting back in a period of less than 10 years. We have doubled the program as far as money, as far as the Federal Government becoming involved.

I point out another statistic, that, since the youth programs that we have now have been on the books, since 1977, the employment rate for young people has actually declined; that it is worse today than it was in 1977. There has not been any improvement; there has actually been a decline. That would suggest that perhaps there really is a need to analyze thoroughly all these programs that we have. We shall be doing that in the course of the budget process this year. We shall be doing that in the course of the authorization project this year and, more precisely, Madam President, next year, when the CETA authorization expires.

That is why, Madam President, it is my hope and my intention that we shall be able to include the young people of this country in the rewriting of that legislation next year. The arguments will come on how much money we are going to spend on youth and how much we are going to spend on adults and some will make the argument that we are going to take from one place and put it in another. But I shall say as one Senator, and I feel that I speak for a majority, that we are concerned and have a great deal of compassion and sensitivity for those young people, particularly those young people who do not have an opportunity to have training, to have employment. That is the least amount of compassion and understanding that anybody who is in public service can have.

Mr. METZENBAUM. Will the Senator from Indiana yield?

Mr. QUAYLE. I am glad to yield to the ranking minority member, the Senator from Ohio.

Mr. METZENBAUM. Will the Senator from Indiana be good enough to advise the Senate as to whether or not the original amount that had been contemplated to be renewed for youth employment was $900 million; if it is not the fact that, based upon the amendment of the Senator from Indiana, $300 million of that amount was put back in and if the amendment of the Senator from Ohio were put back in, it would be $600 million of that $900 million that was originally contemplated for youth employment?

Mr. QUAYLE. I am glad to answer the Senator from Ohio that we in the Budget Committee put back $300 million and the 1981 figure, I believe, was approximately $900 million, as the Senator from Ohio says. But I tell my colleague, my friend on the committee, that we have not made that final determination on how much money we are going to put in the youth program. There is quite an increase in the Job Corps. They may be able to take a little bit from there.

We can talk about $4.8 billion that we have in CETA, how much we are going to put in youth. This is a discussion that is going to take place in the Labor and Human Resources Committee once the budget reconciliation is passed. We have not made that line item determination yet.

Believe me, I shall be trying and I hope the Senator will be joining me in trying to get as much as possible out of those figures for youth training and employment, which I feel is very important and I believe the Senator from Ohio also believes is very important.

Mr. METZENBAUM. I do, Madam President. I appreciate the response of the Senator from Indiana that the $300 million he puts back in represents one-third of the original amount. Now I appreciate his response that there can be more forthcoming from the CETA program.

Is it not the fact that the current policy for CETA overall was $9.5 billion and the Budget Committee's recommendations for that is $4.8 billion, or approximately a cut of 50 percent, and that will make it more difficult to find money for the youth programs in the CETA programs, in view of the fact that a $4 billion whack has been taken out of that as well as a 66⅔-percent whack out of the youth programs?

Mr. QUAYLE. Madam President, I respond by saying on those numbers, the Senator is right, we have cut the CETA program, basically in the public service program. There is a difference of opinion on the committee as to whether there should be that or not. It is going to be tough to maintain all the programs, but that is what we are trying to do now, determine which one of these programs is good, which one of them is worthwhile. There is a consensus of opinion, I think, that is even developing in the U.S. Senate and the Congress that, just perhaps, some of the problems with unemployment, inflation, and high interest rates come from an overexpansive Federal Government.

I remind my colleague from Ohio that the CETA appropriation, with all these draconian cuts that we hear about, comes to $4.8 billion, which is two and a half times the appropriation we had in 1973. That is hardly emasculating a program. It is saying that we ought to be examining some of the programs, some of the efficiency, and some of the thrust that we have had in this past decade.

That is what the reconciliation motion, Madam President, is all about. That is what the election last November happened to be all about. That is why we are now charged with the very difficult responsibility of saying we are going to have less Federal money to spend. It would be nice to spend money on all these programs. I do not dispute the intent. I do not dispute the social aspect or the goals of these programs. We have simply overextended.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. QUAYLE. Madam President, I think I have concluded and I shall yield.

Mr. METZENBAUM. Madam President, I yield 3 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Madam President, may I get 2 minutes off the resolution?

Mr. HOLLINGS. Yes, Madam President.

Mr. KENNEDY. Madam President, I strongly support the Metzenbaum amendment. I welcome the opportunity to cosponsor it.

I have been listening to the debate, and want to refer to an article that was recently written in the Boston Globe by David Nyhan. I shall have it printed in the RECORD.

It talks about an interview with a philosopher-scientist, Rene Dubos. Dubos is known because he has developed a tuberculosis vaccine, and is not only a very thoughtful scientist and philosopher, but also a commentator on life.

He was asked recently in an interview about his concerns and anxieties about society. He responded that his greatest anxiety, after 80 years of a marvelous life in which he developed a tuberculosis vaccine and became a leading global environmentalist, is the lack of jobs for the young.

Then Mr. Nyhan pointed out:

> We are driving them to their lairs, the Combat Zone, the variety store corners, the bowling alleys and pizza shops, the parking lots and playgrounds where they drink beer, smoke dope, and vandalize out of the sheer brute boredom of going nowhere but home to watch dumb game shows, or to arcades where they pump quarters into mindless electronic games that beep-beep and zoom-zoom them into some kind of subhuman teenaged Nirvana where their fantasies of Charlie's Angels and Loveboat seem, cruelly, to be realizable.

At the end of the article, Mr. Nyhan points out:

> We delight in putting our collective foot on the neck of the fellow lower down on the ladder. They are fat and lazy and don't work hard; they won't save or invest and use their food stamps to buy Twinkies that they gobble while watching game shows on TV, while we're out scrambling for our hard-earned bread, etc. But we are kidding ourselves if we don't conclude that in addition to doing our own job, we have to put them in jobs too. What good do our short-term advantages do us if we are robbed, assaulted or violated in some other way by young people herded by societal indifference into wolfpacks?

The PRESIDING OFFICER. The Senator's 3 minutes have expired. The Senator has 3 minutes on the resolution

Mr. KENNEDY. Madam President, with all due respect to the Senator from Indiana, the youth training programs have been meaningful and important. They have not achieved everything which we who have supported them over a long period of time had hoped for, but they have had certain successes.

We all know that high youth unemployment has continued, and is a national disgrace. But the only response we have heard so far from the administration is the subminimum pay for youth.

It is surprising to listen to those who now want to cut the heart out of the youth training program. I recall that the Republican Policy Committee, just a year ago, strongly endorsed a superb youth training program in the House of Representatives. It passed with only 50 dissenting votes. There was almost unanimity among the Human Resources Committee just a year ago. This program has generated a dedicated bipartisan effort over the entire period of time I have been in the U.S. Senate.

Now we are seeing the administration's recommendation for massive budget cuts in job training programs. The administration proposed an 80-percent reduction, and the Budget Committee a 50-percent reduction. These reductions are going to affect tens of thousands of youth who are currently in training programs.

We should recognize that there are no easy answers to youth unemployment. That was recognized by the Republican Policy Committee in the House a year ago. It has been recognized by the Human Resources Committee for years.

It is going to take the resources and the imagination not only of those of us in the House and in the Senate but also those in the private sector, in the local communities, in the schools, and in the churches in these various communities. Then, at best, we are only going to have a modest record of success.

If we think there is some magic solution, we are deluding ourselves. If we think the subminimal wage is going to be the answer to youth unemployment, we delude ourselves and the American people.

I believe that the amendment of the Senator from Ohio is important and will mean employment opportunities. If we fail to accept this amendment and to have a vigorous youth training program, I believe all society is going to pay a burden which it does not anticipate.

Mr. President, I ask unanimous consent to have printed in the RECORD an article from the Boston Sunday Globe of March 1, 1981.

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

THE PRICE OF YOUTH JOBLESSNESS

(By David Nyhan)

The single best move to improve the quality of life in Massachusetts would be to create jobs for the youthful unemployed of the underclass.

It would not only help the poor, it would ease the tension between the poor and the rest of us. It would lower taxes, improve the economy, and slow the seepage of wealth in terms of welfare, police, court and prison costs.

It makes so much sense, it's too obvious. Why hasn't it been done? Partly because young people won't take many of the lesser jobs that are around. Many have unrealistic ideas about how much they are worth; they turn their noses up at jobs paying the minimum wage of $3.35 an hour, when the average hourly wage for all workers in the state is about $6.13. But it's also because the system has built-in advantages for some sectors, giving financial institutions, employers, unions, and other special interest groups advantages they wish to perpetuate. What's changing that system, in a way that shuffles the existing deck?

Plenty. President Reagan's budget cutbacks eliminate or trim back some CETA job programs, welfare benefits, food stamps and

other schemes. Proposition 2½ means still further cutbacks here.

Massachusetts' low unemployment rate (5.2 percent in January vs. 7.4 percent nationwide) means there are comparatively fewer adults looking for jobs. But the biggest emotional shift may come from our crime epidemic that has turned our society into a fear-ridden, gun-toting, violence-prone state that may just be ready for drastic and innovative change.

Philosopher-scientist Rene Dubos said on public television last Sunday: "Human beings never stand still in front of a situation which threatens them—if they understand the consequences." Fear of crime has become so threatening that an aroused public could force our political leaders to shift the gears needed to create more jobs for young people. By and large, politicians don't lead, they follow public pressure.

Dubos said his greatest anxiety, after 80 years of a marvelous life in which he developed a tuberculosis vaccine and became a leading global environmentalist, is the lack of jobs for the young. Welfare states fall short, he said, because it is not enough to feed and entertain young humans; they need the finishing touches of socialization from work to turn them into worthwhile and contributing adults.

The same day Bill Moyers broadcast Dubos, the Sunday Globe carried 63 full pages of help-wanted advertising, something like 2600 employers offering literally thousands of jobs. Many were in the bustling computer industry, for which this state is the mother lode. There were ads from employers in 26 other states and the District of Columbia, many of them trying to entice computer-skilled people to migrate.

We are sitting atop our own Gold Rush here. The High Technology Council predicts 61,000 more jobs in the field over the next three years. But half of them will require college degrees in science. And the school systems are not educating many young people to take even entry-level jobs. Dr. An Wang of Wang Laboratories starts his own computer school to educate help for his burgeoning business. Insurance companies like John Hancock and Continental start their own schooling programs to train workers.

Public education crumbles under Proposition 2½, union problems, shoddy management. Boston, charging taxpayers $3900 per year per pupil, threatens to shut down a quarter of its elementary schools to stay afloat. The kids who need the public schools most are the ones who are marginal, who may not make it into becoming productive members of society. They read the headlines (if they can or do read headlines) saying Boston schools will shut down in March. Is that any incentive to do homework, or pass up the chance to play hooky?

We are driving them to their lairs, the Combat Zone, the variety store corners, the bowling alleys and pizza shops, the parking lots and playgrounds where they drink beer, smoke dope, and vandalize out of the sheer brute boredom of going nowhere but home to watch dumb game shows, or to arcades where they pump quarters into mindless electronic games that beep-beep and zoom-zoom them into some kind of subhuman teenaged Nirvana where their fantasies of Charlie's Angels and Loveboat seem, cruelly, to be realizable.

We may find more jobs created for young people by Reagan's plan for urban enterprise zones, with tax incentives for the private sector to create more jobs in declining cities. For 1979, about 15 percent of Massachusetts teens between 16 and 19 who were looking for work did not find it.

Providing jobs for the underclass, or persuading some of them to take existing jobs, is the best thing we can do. It is not just the right thing to do for them. It is right for the 2.7 million of us already working in Massachusetts. We will save money in terms of police, courts, jail. We will reduce the sense of real threat or vague foreboding that is so pervasive. Welfare costs will fall, unemployment compensation would drop, and drug abuse, alcoholism, depression, violence against wives and children, will decline.

A Johns Hopkins scholar studied the 1.4 percent rise in the national unemployment rate in 1970 and tracked the social cost it added on over the next five years: 26,000 stress-related deaths from heart, kidney disease and strokes; at least 1500 suicides and over 1700 homicides. You have to guess for yourself how many muggings, drunken brawls, child molesting cases, battered wives, assaulted policemen and stolen cars might be thrown in.

We delight in putting our collective foot on the neck of the fellow lower down on the ladder. They are fat and lazy and don't work hard; they won't save or invest and use their food stamps to buy Twinkies that they gobble while watching game shows on TV, while we're out scrambling for our hard-earned bread, etc. But we are kidding ourselves if we don't conclude that in addition to doing our own job, we have to put them in jobs too. What good do our short-term advantages do us if we are robbed, assaulted or violated in some other way by young people herded by societal indifference into wolfpacks?

When we are sufficiently threatened, Rene Dubos instructs, we will act. Does anybody honestly believe we are not sufficiently threatened?

Mr. METZENBAUM. I thank the Senator from Massachusetts.

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. METZENBAUM. Madam President, I yield 3 minutes to the distinguished Senator from New York.

Mr. MOYNIHAN. I thank the Senator from Ohio.

Madam President, I speak in the context of comments that have been made several times on this floor about what we are doing in this budget resolution.

It happens that I was Assistant Secretary of Labor in 1962 when the U.S. Government, under President Kennedy, adopted the original Employment Development Training Act of 1962.

In that year, the first manpower report from the President was sent to Congress, as provided by the Manpower Act; and there was a formal undertaking by our Government that we would maintain a sustained concern for insuring satisfactory levels of training and employment, especially among youth.

What the Senator from Massachusetts has said is entirely reflective of that commitment in 1962. It was the first time in the long postwar prosperity that we realized that we had learned to make the American economy grow at great rates, but we had not solved the problem of unemployment; that we had levels of unemployment higher than in any of the other industrial nations, much higher that we thought acceptable. At that time, there was sharp disagreement in the Council of Economic Advisers about the acceptability of setting an interim goal of 4 percent for unemployment rates. We are now at a point where we cannot meet national goals of 6 percent or 7 percent, and nowhere is this failing more extraordinary than among youth.

We have not found jobs for the young people of this country. We have not found them in periods of growth. We have not found them in periods of relative recession.

The one thing we have been learning, painfully, but with some considerable success, is to make our training programs work and to bring about that connection between childhood and adulthood which is joining the labor market.

To back away from that commitment now would be a deep mistake. It moves against the very purpose of the administration, which none of us would fail to support, of economic growth, of investments, and productivity. We cannot strengthen our economy without investing in our single most important resource, our labor force.

I congratulate the Senator from Ohio. I appreciate his yielding time to me.

(Mr. ANDREWS assumed the chair.)

Mr. METZENBAUM. Mr. President, I yield myself the remainder of my time.

I appreciate the frankness and the candor with which the distinguished chairman of the subcommittee, the Senator from Indiana, responded, because I believe it puts to rest the point that was suggested by my friend from New Mexico, who seems to indicate that 92 percent of the money for youth employment was now going to be available. That just is not so. It will be one-third under the original Quayle amendment, which will be one-third of the amount that the Labor and Human Resources Committee recommended; and with my amendment adopted, it would amount to two-thirds.

I believe that the Senator from New Mexico is reflecting his own sensitivity on this entire subject, and well he might, because he talked about whether or not it was cruel to do this to young people who would not now be able to participate in the youth employment program.

I find that particularly interesting, because the Senator from Ohio had not seen fit to use that term today. But if the adjective fits, I am willing to accept it, if he feels it is appropriate, and I am not prepared to challenge him on that point.

As to the question of this whole program, I believe that the issue is this: What is good for the young people of America, and what is good for America generally?

Senator KENNEDY quoted an article in the Boston Globe on the impact that youth unemployment will have on the Nation. I will read a portion of that article, which he did not have an opportunity to read in its entirety because of the limitation of time.

> Providing jobs for the underclass, or persuading some of them to take existing jobs, is the best thing we can do. It is not just the right thing to do for them. It is right for the 2.7 million of us already working in Massachusetts. We will save money in terms of police, courts, jail.

Mr. President, on behalf of the Senator from Massachusetts I ask unanimous consent that the entire article be printed in the RECORD at this point.

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

[From the Boston Globe, Mar. 1, 1981]

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Providing jobs for the underclass, or persuading some of them to take existing jobs, is the best thing we can do. It is not just the right thing to do for them. It is right for the 2.7 million of us already working in Massachusetts. We will save money in terms of police, courts, jail. We will reduce the sense of real threat or vague foreboding that is so pervasive. Welfare costs will fall, unemployment compensation would drop, and drug abuse, alcoholism, depression, violence against wives and children, will decline.

A Johns Hopkins scholar studied the 1.4 percent rise in the national unemployment rate in 1970 and tracked the social cost it added on over the next five years: 26,000 stress-related deaths from heart, kidney disease and stroke; at least 1500 suicides and over 1700 homicides. You have to guess for yourself how many muggings, drunken brawls, child molesting cases, battered wives, assaulted policemen and stolen cars might be thrown in.

We delight in putting our collective foot on the neck of the fellow lower down on the ladder. They are fat and lazy and don't work hard; they won't save or invest and use their food stamps to buy Twinkies that they gobble while watching game shows on TV, while we're out scrambling for our hard-earned bread, etc. But we are kidding ourselves if we don't conclude that in addition to doing our own job, we have to put them in jobs too. What good do our short-term advantages do us if we are robbed, assaulted or violated in some other way by young people herded by societal indifference into wolfpacks?

When we are sufficiently threatened, Rene Dubos instructs, we will act. Does anybody honestly believe we are not sufficiently threatened?

INVESTING IN A PRODUCTIVE WORK FORCE

Mr. ROBERT C. BYRD. Mr. President, I believe there is a shortsighted view implicit in many of the budget cuts in education, unemployment, training, and economic development programs proposed in this reconciliation bill.

Senators may disagree as to the effectiveness of many of these programs. However, we should recognize that, while many of the programs may be justifiably reduced or eliminated, the real economic problems they were designed to address will not disappear.

Reducing current Department of Labor commitments to training from $9.5 to $4.6 billion, as contemplated in the reconciliation resolution, will not reduce the growing population of publicly dependent youth and adults.

Programs may disappear but our economic problems will not. According to the Congressional Budget Office, every 1-percent increase in the rate of unemployment can add anywhere from $20 to $30 billion to the Federal deficit in the form of lost revenues and uncontrollable income maintenance costs.

According to a recent Department of Labor study, the general skill level of the American labor force has fallen dramatically while the skill levels of competitor nations have been rising. The Conference Board reports that 35 percent of private sector companies now must provide remedial instruction in reading, writing, and arithmetic. Moreover, while it is true that the American economy is providing a remarkable number of new jobs every year, it is also evident from analysis of those jobs that they are concentrated in low-skill, low-wage occupations.

The gap between available skill jobs and skilled workers is increasingly evident. We see more and more statistics that demonstrate severe skill shortages among American workers. In a statement to the press, on March 16, the President noted that he had found 33½ pages of want ads in the Sunday, March 15 Washington Post. The President seemed to imply that people prefer unemployment to those listed jobs. According to the American Vocational Association, closer analysis reveals that at least 1,900 of the advertised jobs required some specialized institutional training. Approximately 85 percent required institutional training of 1 year or more.

There is little need to reiterate the litany of all-too-familiar statistics on the depressed state of American productivity. I would proffer one observation, however: Many claim that American economic preeminence in the 1940's and 1950's occurred without supporting policies and programs. They argue that policies to encourage productivity are therefore not necessary now. First, I would respond that changes in both our national economy and the success of our competitors argue against that view. Second, and more importantly, I would point out that even if we succeed in recreating the so-called golden age of American productivity growth, that would be insufficient, over the long run, to keep up with our international competitors.

In the golden age of American productivity our rate of productivity increase averaged 3.2 percent. Our competitors have consistently more than doubled that rate. The past is not good enough: We need policies and programs that promote a productive and mobile labor force if we are to maintain our economic preeminence.

In addition to cuts in education and training programs, the proposed reconciliation bill eliminates over 20 percent of economic development spending. I would caution my colleagues that geographic imbalances in growth and decline are accelerating at alarming rates.

Finally, we may all agree that the current trade adjustment program provides too much income maintenance and too little retraining and relocation. Retraining and relocation policies remain necessary, however, if we are to avoid rampant protectionism. Moreover, such cuts seem doubly unwise at a time when massive new budgetary commitments in defense and energy spending will create shortages of skilled labor in some regions while experienced workers remain underutilized in declining areas. Some kind of training and retraining policies would seem to make sense in an economy that is simultaneously experiencing manpower shortages and a general geographic mismatch between work opportunities and available workers.

It should be clear that I do not necessarily support continued funding for every education, employment, training and economic development program scheduled for cuts or elimination in this reconciliation bill. I do support the continuing commitment of Federal resources to remedy our current economic malaise.

I do not take issue with critics who point out that, as presently written, some of these programs provide more make work than meaningful work. But we cannot create programs that will work without budgetary commitment. We do need new policies that encourage productivity and economic growth. But these policies cannot be implemented without available budgetary resources.

I caution my colleagues that short-term economies in our investment in a productive work force are illusory. The alternative to employment and training policies targeted on the employability of the disadvantaged is greater public dependency and ever higher income maintenance costs. The alternative to policies that retrain and relocate experienced workers is a wasting away of our experienced work force. The alternative to effective education policies is a continued decline in the skill level and productivity of the American work force. The alternative to effective economic development policies is an acceleration of the current imbalances in area development.

I support this amendment as one that allows us to carry forward our commitment to the resolution of our economic problems.

● Mr. LEVIN. Mr. President, I rise in support of Senator METZENBAUM's amendment to restore funds for youth employment and training programs. This would result in a CETA youth and training program for fiscal year 1982 that is still only two-thirds the size of the program in the current fiscal year. Given the high unemployment rate in that age group, it is clear to me that we are moving in the wrong direction by reducing the program at all. However, this amendment is an effort to restore part of a valuable program.

The youth community conservation and improvement projects (YCCIP) and the youth employment and training programs (YETP) are the CETA youth programs which will benefit if this amendment is accepted. These are successful programs. They do what they are supposed to accomplish. Young adults with few skills are brought into these programs, given skills and provided with an opportunity to be self-sufficient and contributing citizens. That is what youth employment and training programs are all about—a chance for a young person from a disadvantaged background to maximize his or her potential. The program is not aimed at providing permanent employment but rather getting young people ready for the private sector. Employers have told me that what we need are programs to prepare people for the marketplace. Productivity, which many of us are rightly concerned about, is affected by the skills and work habits young people develop. The YCCIP and YETP programs excell in helping youth prepare for the adult job world. We cannot turn our backs on the productivity issue and how it is linked with these programs.

Finally, as we all know, unemployment among young persons is a serious problem in our society. It has been with us for a number of years and it has to be addressed. In the United States for 1980, the rate for 16- to 19-year-olds was 19.3 percent. In my home State of Michigan in 1980, the statewide average for 16- to 19-year-olds was 20 percent; in the fourth quarter of 1980 it was 22 percent. In Detroit, youth unemployment can only be called a catastrophe. The average rate in 1980 was 39 percent.

We need more dollars of the CETA youth programs. This amendment will be a step in the right direction.●

Mr. METZENBAUM. Mr. President, let me conclude my remarks in connection with this amendment.

The cut is wrong. It is harmful to young people. It is wrong for the future of America. I hope that this Senate sees fit to add back the additional $300 million which would still leave the youth employment programs in this country $300 million short.

I am prepared to vote.

Mr. EAGLETON. Vote.

The PRESIDING OFFICER. Is all time yielded back?

Mr. DOMENICI. Mr. President, I merely wish to apologize to the Senator if he did not use "cruel" today. If he did not it is the first time he did not in addressing these cuts, but I do apologize if he did not use it today.

Mr. QUAYLE. Mr. President, will the Senator yield 1 minute?

Mr. DOMENICI. I yield.

Mr. QUAYLE. Mr. President, I wish to set something correct or at least make a statement we can argue about.

On the youth training aspect, the Senator from Ohio is right. If we accept these numbers there is going to be more of a cutback. But if we talk about adding summer youth employment and Job Corps to that the total reduction for youth is about one-seventh. So we are talking about a very narrow category.

I wish to support precisely what my chairman said, and I add he is pretty close when he said we really did not cut that as far as the total youth employment is concerned because the Job Corps was increased and the summer youth employment was kept at the current level.

I thank my chairman for yielding.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment of the Senator from Ohio.

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 West Virginia (Mr. RANDOLPH) and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

The PRESIDING OFFICER. Are there Senators in the Chamber who have not voted?

The result was announced—yeas 24, nays 74, as follows:

[Rollcall Vote No. 61 Leg.]

YEAS—24

Biden	Eagleton	Levin
Bradley	Ford	Matsunaga
Bumpers	Glenn	Metzenbaum
Burdick	Hart	Moynihan
Byrd, Robert C.	Huddleston	Pell
Chiles	Inouye	Riegle
Cranston	Kennedy	Sarbanes
Dodd	Leahy	Tsongas

NAYS—74

Abdnor	Goldwater	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Nunn
Baker	Hatch	Packwood
Baucus	Hatfield	Percy
Bentsen	Hawkins	Pressler
Boren	Hayakawa	Proxmire
Boschwitz	Heflin	Pryor
Byrd, Harry F., Jr.	Heinz	Quayle
	Helms	Roth
Cannon	Hollings	Rudman
Chafee	Humphrey	Sasser
Cochran	Jackson	Schmitt
Cohen	Jepsen	Simpson
D'Amato	Johnston	Specter
Danforth	Kassebaum	Stafford
DeConcini	Kasten	Stennis
Denton	Laxalt	Stevens
Dixon	Long	Symms
Dole	Lugar	Thurmond
Domenici	Mathias	Tower
Durenberger	Mattingly	Wallop
East	McClure	Warner
Exon	Melcher	Weicker
Garn	Mitchell	Zorinsky

NOT VOTING—2

Randolph	Williams

So Mr. METZENBAUM's amendment (UP No. 38) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 39

(Purpose: To restore funds for the National Science Foundation, trade adjustment assistance, Conrail, and mass transit)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) for himself, Mr. BIDEN, Mr. MOYNIHAN, Mr. GLENN, and Mr. KENNEDY, proposes an unprinted amendment numbered 39.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, beginning with "$14,667,000,000" in line 14, strike out through "$47,694,000,000" in line 20 and insert in lieu thereof the following: "$14,585,000,000, and outlays by $2,318,000,000, in fiscal year 1981, to reduce budget authority by $52,022,000,000, and outlays by $36,681,000,000, in fiscal year 1982; and to reduce budget authority by $58,263,000,000, and outlays by $46,970,000,000".

On page 2, beginning with "$13,300,000,000" in line 24, strike out through "$1,800,000,000 on page 3, line 1 and insert in lieu thereof the following: "$13,218,000,000 in budget authority and $1,465,000,000 in outlays for fiscal year 1981; by $3,169,000,000 in outlays for fiscal year 1982; and $1,789,000,000".

On page 5, beginning with "$15,460,000,000" in line 4, strike out through "$2,274,000,000" in line 7 and insert in lieu thereof the following: "$14,910,000,000 in budget authority and $908,000,000 in outlays for fiscal year 1982; and $17,812,000,000 in budget authority and $10,854,000,000.".

On page 5, beginning with $1,558,000,000" in line 23, strike out through "$1,328,000,000" on page 6, line 2, and insert in lieu thereof the following: "$1,458,000,000 in budget authority and $784,000,000 in outlays for fiscal year 1982; and $1,398,000,000 in budget authority and $1,128,000,000".

On page 7, beginning with "$96,000,000" in line 24, strike out through "$132,000,000" on page 8, line 2, and insert in lieu thereof the following: "$21,000,000 in budget authority and $37,000,000 in outlays for fiscal year 1982; and $39,000,000 in budget authority and $57,000,000".

On page 10, beginning with "$2,388,000,000 in line 5, strike out through "$10,913,000,000" in line 9 and insert in lieu thereof the following: "$2,306,000,000 in budget authority and $379,000,000 in outlays for fiscal year 1981; $10,225,000,000 in budget authority and $7,889,000,000 in outlays for fiscal year 1982; and $12,273,000,000 in budget authority and $10,854,000,000.".

Mr. BRADLEY. Mr. President, the amendment before the Senate at this time addresses four areas: Conrail, mass transit, the National Science Foundation, and the experienced-worker-training program.

Mr. President, I would like to pause before getting to the specifics of the amendment and address the more general question of the budget that has been proposed by the Reagan administration and the economic assumptions that lie behind that budget.

Mr. President, the administration's budget predicts that growth will go from a 1.5-percent level in 1981 to a 4.5-percent level in 1982; that inflation will drop to 7.2 percent in the fourth quarter of 1982; that unemployment will drop to 7.2 percent in 1982; and that the cost of money that the Government will pay to finance the deficit will be 8.9 percent in 1982.

Mr. President, there have been a number of economists throughout the country who have questioned the assumptions of this budget and have posed the possibility that, instead of generating vast economic growth, this country instead might be saddled with a rather viral case of demand inflation.

Mr. President, after looking carefully at the econometric models that have been offered by Wharton, Data Resources and Chase Econometrics, I inquired further and discovered that all of those econometric models have assumed that the administration does not get its full program. They have assumed either that Kemp-Roth is not fully endorsed and enacted, or that all the budget cuts are not passed, or that the money supply levels will not be what the President's budget assumes.

So, Mr. President, in a letter to the Joint Economic Committee, I requested that they run on their model a simulation which would assume the full Kemp-Roth, the full budget cuts both this year and in outyears, and the money supply figures that are included in the President's budget.

Mr. President, I will have to say that the results were even astounding to this Senator who began as somewhat doubtful. We received those results 2 days ago and released them today publicly.

For the Senate's information, the administration program—tax cuts, budget cuts, and money supply figures—if enacted according to the Joint Economic Committee's model, which uses the Data Resources model of the economy, would produce in 1984 not a balanced budget, Mr. President, but a deficit of $111 billion—$111 billion. Growth, while increasing slightly in 1982, would return to a stagnant level in 1984. Inflation would still be in the area of 8 percent and unemployment would still hover in the mid-7-percent range.

So, Mr. President, this budget that we are dealing with, if enacted, is only part of the problem, because the remaining problem has to do with the money supply. There is no way that, given the level of increase in money supply that the administration has assumed, the economy will be able to grow at a 4.5-percent rate in 1982 and beyond. No way, Mr. President.

The result of this request to the Joint Economic Committee clearly conveys that we are heading down a path fraught with danger unless something gives, Mr. President, unless the money supply figures are not as stringent as the administration assumes. If that is so, we will have much higher inflation; the money supply figures have to be low because interest rates will be high. If that does not go, Mr. President, then you have to look at the budget area.

Mr. President, it is unlikely that we are going to cut the budget less than the President would like to cut the budget. So the only area that remains for consideration in connection with these budgetary assumptions and their probable result is the tax area, Mr. President. In the tax area, the administration has committed itself to a policy which even economists of the vein of Arthur Burns think is a disastrous policy, but one which, combined with the budget and money supply figures, will produce not a balanced budget in 1984, but a budget deficit of $111 billion. Nor does that figure include any shocks to the economy that would increase inflation and, therefore, the budget deficit further. That figure does not include what a deficit of that amount might mean for inflationary expectations, a word that we have heard so often in the past several weeks.

But it should be food for thought for those individuals who were proceeding pellmell toward a full enactment of the Kemp-Roth tax cut.

So, Mr. President, I begin this discussion with that word of caution based upon a report from the Joint Economic Committee today.

I now turn to the fact that a budget is not a 1-year document, and the reconciliation bill we are dealing with today clearly establishes that. It sets a direction for future policy. It sets a direction in many areas, Mr. President.

The debate on the Senate floor, I think, is a debate about how we get this economy back on the path of economic growth. On one side of the aisle you have the proposition that we simply cut the budget and cut taxes and there will be an enormous outpouring of savings, harder work, investment in the economy. From that, like a coiled spring, the economy will unloosen and grow at unprecedented rates.

Mr. President, I think that this is an analysis that is locked into the status quo, that is not future oriented, and that, instead, is simply a managerial budget with goodies on the side to try to bring people along to support a stringent budget policy, the goodies being the tax cut.

Mr. President, I would like to see if we can reach a consensus among Republicans and Democrats that if we are going to get the country back on the path of economic growth, we will need more than simply to stimulate investment in plant and equipment, investment in the private sector. This Senator will not argue with that. This Senator supported the bill out of the Finance Committee last year that had very significant incentives for private investment and the rebuilding of America. I think that is important.

But, Mr. President, I do not think that is sufficient. Necessary, but not sufficient. There are other kinds of investment.

Another kind of investment is the investment in the economic infrastructure in this country.

If you look at the next decade and you say, "We have to increase our exports," the greatest potential for export is coal. But today you cannot get the coal from the coalfields to the ports for export because there are no railroads and there are no ships that would take large quantities of coal to make the export of coal to our advantage.

Mr. President, investment also includes human capital. Investment includes making sure that the work force of the 1990's is skilled, has a stake in the economy, understands the competitive forces that swirl around the world, and is willing to work and make the commitment to make America the most competitive country and the most successful country in the world economy and world trade.

In this budget investment means simply investment in plant and equipment, but I believe it should mean investment in plant and equipment, in railroads, in infrastructure, and in human capital.

Underlying that kind of commitment to investment should be a basic commitment to research and development. If you look at the next 10 years and you assume we are going to be competitive, you have to maintain your comparative

advantage. The only way you maintain your comparative advantage is by making sure that you are on the cutting edge of change with research and development.

Mr. President, with that general framework, I am offering today an amendment which embodies three of the areas I have just discussed. One area is infrastructure. I am proposing in this amendment to place back into the budget $100 million for Conrail and $50 million for mass transit in fiscal year 1982.

Mr. President, if we are going to bring that coal to the ports for export, if we are going to do that in the next 5 years, we cannot be involved in an endless dispute over private takeover from the Conrail system; we cannot be engaged in a dispute that will only lead to interruptions in commuter service and in freight service that will only lead to higher State taxes or exorbitantly higher fees for freight service or both.

Mr. President, the Conrail portion of this amendment is consistent wtih the idea that the role of the Government budget is to encourage and provide for investment in the economic infrastructure of this country that will promote exports.

Mr. President, turning to mass transit, it makes no sense to drive people out of mass transit facilities and into automobiles using more expensive foreign oil and making us more and more dependent on that foreign oil. Let me assure you, that is what will happen if the mass transit systems of this country come to a screeching halt. Where they do not come to a screeching halt, the increase in price will nevertheless create a grid-lock situation in many urban areas of this country where the roads are so jammed with cars that you have traffic coming to an enormous and very rapid stop.

The third part of this amendment deals with training experienced workers.

Mr. President, a few sobering facts for the Senate's consideration as we embark upon the decade of the 1980's where comparative advantage will be so paramount to restoring our competitive health and our economic growth:

The U.S. share of skilled labor in the world dropped from 29 percent in the 1960's to 26 percent in 1975. The United States fell from second in skilled labor endowment to seventh worldwide.

U.S. imports of skill-intensive manufactured goods have increased. U.S. exports of such goods since the 1960's have been on a dramatic decrease.

Mr. President, if we are going to restore our productivity in this country, if we are going to be competitive internationally, if we are going to have economic growth, we have to have skilled workers.

There are two approaches to trying to assure that our workers are skilled. One is to make sure that the young people of this country will be ready to do their job in the 1990's when we have a labor shortfall. Another way is to make sure that those workers who lose their jobs because of the loss of competitiveness to foreign enterprise have the opportunity to be retrained and have the opportunity to work in enterprises where, in the 1990's, there will be a U.S. comparative advantage.

The fourth part of this amendment, Mr. President, deals with the National Science Foundation.

Mr. President, this amendment would restore only $39 million in outlays for the National Science Foundation. Mr. President, if you agree that research and development underlies our competitive advantage and, therefore, our growth potential in the 1990's, then it makes no sense to cut funding for the instrumentation grants from all the laboratories in universities across this country that will give an opportunity for our future scientists to be trained on the latest scientific equipment. It makes no sense to cut out fellowships for those in the physical sciences who are the keenest students of today and will make the breakthroughs of the future.

Mr. President, the amendment that is now before the Senate is really a framework amendment. It is an amendment that addresses the question of research and development; it is an amendment that addresses the question of making sure that we make an investment in human capital; and it is an amendment that addresses our need for a sound infrastructure. Why, Mr. President? So that this country can get back on the path of economic growth and our confidence in the future can again soar. We do this by beginning from a sound foundation with a steady upward ascent and not by buying a lot of untested assumptions in a budget which, when put to the test in an econometric model, will produce a deficit of over $100 billion in 1984.

I am pleased to yield to my colleague from Delaware.

Mr. BIDEN. Mr. President, as a cosponsor of this amendment, I should like to speak briefly to it and preface my remarks by pointing out that I acknowledge: First, that there is not sufficient time to debate adequately all aspects of this amendment because I recognize the time constraints; and second, that the budget process may not be—in fact is not—the best forum within which to raise this debate.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator from New York is correct. The Senate will be in order.

Mr. BIDEN. But, as it is not popular to suggest, it is the only game in town right now.

Mr. President, let me say, at the expense of possibly offending some of my colleagues on both sides of the aisle. I think our debate on economic policy this past year—past several years—is similar to our debate on foreign policy in that the two primary schools of thought involved in the debate are equally wrong.

I acknowledge, in the area of domestic economy, that our Republican colleagues have come up with something while not new is different from what has been offered heretofore. It seems to me that, when you strip everything away, Ronald Reagan is being very, very honest, direct, and blunt with the American people. He is saying that the way—to use a phrase that was used last year—to reindustrialize America, increase productivity, make us more competitive, and increase the living standard of the American people which in turn will reduce inflation and unemployment—is to shed the policy that has been, in my opinion, part and parcel of at least a large portion of my party. That policy was to try more and more to plan the economy: The Government would play a larger role in planning the economy to accomplish those ends.

He says that does not work. But he goes a step farther and says the real answer here is to get government out of the business of being involved with the economy. He found a young disciple or apostle, about my age, who is now the Director of the OMB, who articulates his position, I think, extremely well. It says not only get government off our back in the areas that we do not want it, but get government out of the business of trying to help put the economy back on its feet.

It goes a few steps farther than that. It suggests that the real answer to all our problems, our energy problem, for example, is to leave the business of energy to the energy companies, period. He says with regard to our problems that relate to unemployment, "We have an answer: just leave the business of unemployment to the employers other than government." And he goes on in various other areas.

My Democratic colleagues—I think many—have somewhat missed the boat here. We, up to now, have been arguing about whether or not we are going to increase or decrease a program which is designed to give people a sustenance that allows them to continue a living standard that we think is worthwhile in this country, or minimal. Most of the alternatives offered by the Democrats have not been ones that go to the heart of the problem. Unemployment insurance does not do much about productivity; it does not do much about structural unemployment. The WIC program, although essential, does not do a great deal about productivity or employment. And we go on and make the arguments based upon the old social programs, whether we are for them or against them.

I think the way in which the Bradley amendment departs from this debate is that it says that there is a role that government can, should, and must play, along with private enterprise and along with labor, in order to see to it that we deal with the basic structural problems of productivity, unemployment, inflation, and all the major problems that face the economy today.

There are some very legitimate criticisms of existing programs that the Reagan administration has made. There are some very legitimate criticisms that the chairman of the Committee on the Budget has made and shepherded through this budget process thus far. As a matter of fact, out of something in excess of $40 billion worth of cuts the President is offering, I can support close to $40 billion of those cuts. But it seems to me that we are making a

drastic mistake when we deny Government a role in helping us and helping the free-enterprise system lead us out of our dilemma.

It seems to me to make no sense at this moment for the U.S. Congress to be going on record cutting research and development. We hear, time and again, the arguments about how new technology will save us. We hear, time and again, arguments that we must be more competitive with the Japanese, with the Germans, and on and on.

Well, Mr. President, where is this going to come from? Does not Government have a little bit of a role to play? Does it not make sense for us to fund the National Science Foundation, at least minimally? Does it not make sense for us to encourage those minds on university campuses and in businesses with the help of Government, to find some of the answers? Does it not make sense for us, before we dismantle a rail system that is the second largest in the Nation and the rail system which an area of the country where 40 percent of the manufacturing capacity of this country is located, to figure out what is going to happen to the economy before we do that?

This administration seems not to share that view. Does it not make sense, as this administration acknowledges, as there are major shifts in population trend, major movements in this country with regard to the location of industries, to take the best of the skilled workers in America who have lost their jobs because we have lost our competitive edge, and retrain those best technical minds to do other jobs?

Does it not make sense to give an auto worker a chance to be a roughneck in an oil rig? What are we going to do with these people?

What Senator BRADLEY and I are suggesting—is in order to achieve our economic recovery and the new markets, new skills, and the solid infrastructure which are so important requires a little bit of help, not from Mother Nature, but from Government. Government should be a partner in this process.

It seems to me that what we have done is cast this debate in terms of safety nets and holes in safety nets rather than building new floors, new walls, and new ceilings to house a new economy that makes us competitive into and through the 21st century.

That is why I am joining with Senator BRADLEY to offer this amendment which will restore small amounts of funding for certain Federal activities that are important to achieving economic productivity and growth. Let me tick off these activities and a brief comment about each of them.

Federal funding for the National Science Foundation has been reduced by 25 percent below that proposed in January. This would delete increased money for engineering research which is very important to industrial productivity. It would decrease support for basic science research in mathematical and physical sciences. It will eliminate a program to upgrade scientific equipment in our universities. This is the kind of spending that relates directly to productivity and further growth. It should not be cut.

A favorite word these days is "infrastructure." In talking about our economy, this means the backbone of the economy. Transportation is one vital part of our economic infrastructure. The present budget reduction proposals could have a most detrimental effect upon our transportation system. The President proposes to reduce funding for mass transit in our cities, and particularly assistance for operating existing mass transit systems. He also proposes to halt funding for Conrail, jeopardizing freight rail service in the whole Northeast and Midwest. Our economy cannot function without these important transportation services and I hope we can restore some money for them. I shall return to the issue of Conrail's continued funding shortly.

One of the key elements in our productivity growth in this country in years past was the American worker and the superb education and training that he or she received. In today's international markets, we have a phenomenon where some of our best workers are losing their jobs because of international trade competition. This is a pool of skilled and experienced workers, who if they were retrained, could apply their experience in new industries. It makes no sense to fail to utilize this reservoir of skills, just for the lack of a small retraining effort. Therefore, I support the effort to provide funds to retrain these workers and help them find jobs in new industries.

There are, no doubt, other equally beneficial activities being cut in our actions here on the Senate floor. We have sought to isolate a few of these activities and make small restorations. This is the kind of Government spending that will reap benefits for our economy and for all of us in the years ahead through increased productivity. I hope that the Senate will join us in restoring funds for these activities.

Now Mr. President, I wish to speak for a few minutes on this amendment's funding for Conrail. Ironically, today's debate is occurring on Conrail's fifth anniversary of service.

Conrail, the Nation's second largest rail freight system and its largest commuter carrier, is at a crossroads. Its future, and along with it the future of freight rail service throughout its 17-State region, will soon be decided. This is not a new issue. President Carter had addressed it, as has President Reagan. Last year, so did the Congress as we are doing again.

No one disputes the necessity of reexamining Conrail's future. Just 6 months ago, the Senate passed, on a vote of 61 to 8, the conference report on the Staggers Deregulation Act. Section 703 of this legislation required Conrail, the U.S. Railway Association, the Department of Transportation, and the Interstate Commerce Commission to prepare their recommendations on Conrail's future, specifically addressing three possible alternatives:

First, continued Federal funding of Conrail as it is presently structured;

Second, future Federal funding only to the extent necessary to preserve a self-supporting rail service; and

Third, no further Federal funding beyond the amount authorized in the act.

But there is a right way to reassess Federal support for Conrail and a wrong way. I believe the approach taken by the Budget Committee is the wrong way. Here we are deciding on whether or not to substantially reduce Federal assistance to Conrail in fiscal year 1982 and to terminate it completely beginning in fiscal year 1983, on the day when the first three comprehensive reports on Conrail's future are being submitted to Congress. These three are to be followed on May 1 by two additional reports.

It seems to me that Congress should be making its decision on Conrail's future based on these reports—reports which the Congress ordered prepared just 6 months ago. Yet the President and the Budget Committee chose not to wait. So the real issue today is whether or not the Senate believes Conrail should be terminated without the benefit of these comprehensive studies; without the benefit of hearings on whether a restructured Conrail should continue or whether Conrail should be dismantled; and without knowing what the impact of such decisions will mean to the economies not only of the 17 States dependent upon Conrail but upon the economy of the entire country.

To make such a decision, in my opinion, is not only premature but shortsighted and irresponsible. Conrail is just too important—to all of us—not just the residents of the Northeast and Midwest.

This amendment, if adopted, provides the time for Congress, the administration, the States, local governments, the railway industry, the unions, the shippers, and all others affected to work together to carefully develop the best possible solution to the problems facing Conrail and rail service in the 17 States it services. Perhaps Conrail should be dismantled. Perhaps it should continue. This amendment insures an opportunity to make that decision in an orderly fashion.

Specifically, it would restore $100 million in fiscal year 1982 and $200 million in fiscal year 1983. It should be noted, however, that even with the adoption of this amendment, Federal support for Conrail will be substantially below current policy.

In fiscal year 1982, the $100 million I seek to restore, when combined with the administration's proposed carryover of $150 million from fiscal year 1981 funding is a 55-percent cut from current policy. In fiscal year 1983, this amendment's $200 million represents 60 percent less than current policy. Certainly, this is a major reduction in Federal spending. Now let me explain why I hope a majority of my colleagues can support this amendment.

As I have previously stated, no one is suggesting the continuation of Conrail as it is presently structured. Clearly changes—perhaps drastic changes—must be made.

Some will argue that, since we have already authorized $3.3 billion in Federal

funds for Conrail and it has not been able to turn a profit with that amount, we, therefore, should not commit any additional funds.

Perhaps they are right, but that is not the issue we are deciding today. The question we are debating is whether or not we should use the Budget reconciliation order to terminate Conrail absent any of the recommendations which an overwhelming majority of this body ordered prepared just 6 months ago.

Today marks the end of Conrail's fifth year of service. No one disputes the fact that Conrail has not achieved its projected level of self-sufficiency as outlined in the final system plan, prepared in 1975 by the U.S. Railway Association. That is why Congress ordered Conrail, the U.S. Railway Association, the Department of Transportation, and the Interstate Commerce Commission to prepare these comprehensive reports which are being delivered to Congress today—in fact, I just received two of these in the past hour.

We are all familiar with the ways in which Conrail has failed to live up to what I believe were somewhat unrealistic assumptions embodied in the final system plan. However, in our haste to examine Conrail's disappointments, let us not lose sight of its many important and unique achievements.

Over the past 5 years, there has been notable progress made in rebuilding the Northeast's and Midwest's rail infrastructure which had been allowed to substantially deteriorate by its previous owners during years of declining profits.

It should be remembered that, prior to Conrail's takeover, Penn Central and the other seven bankrupted lines in the region were losing $1 million a day. In assessing the improvements which Conrail has made, various measures can be used, including the condition of Conrail's physical assets, the quality of service, its success at marketing and market retention, and reductions in its operating costs. I should like to take a brief look at some of these.

First, the condition of the tracks, facilities, locomotives, freight cars, and other equipment inherited by Conrail were in far worse shape than had been assumed in the USRA's final system plan. As a result, Conrail, until relatively recently, was consistently short of operable equipment. In the last 5 years, Conrail has virtually rebuilt its most heavily used lines and most of its rolling stock. Specifically, Conrail has laid over 4,000 miles of new track; resurfaced over 43,000 miles of track; inserted close to 18 million crossties; overhauled, rebuilt or converted 3,453 locomotives or 82 percent of its current fleet; purchased 675 new locomotives; rehabilitated 85,905 freight cars or 68 percent of its current fleet; and purchased 9,413 new freight cars.

The effect of all these expenditures has been the equivalent of rehabilitating 90 percent of Conrail's mainline track system, 85 percent of its locomotive fleet and 75 percent of its freight cars. These necessary capital improvements have not come cheaply, since its takeover 5 years ago today. Conrail has spent a total of $3.7 billion for capital investment. The following table taken from Conrail's January 15, 1981 report to the United States Railway Association shows how this investment has been allocated:

USES OF FEDERAL INVESTMENT IN CONRAIL, 1976-80

[In millions of current dollars]

Subject	1976	1977	1978	1979	Projected 1980	Total since conveyance
Track rehabilitation	$234	$292	$331	$358	$230	$1,445
Additions and improvements	43	90	125	144	105	506
Revenue fleet and other	16	77	234	180	119	627
Locomotive fleet	5	94	120	154	12	385
Equipment overhauls and heavy repairs	83	160	197	136	118	694
Total, physical asset improvement	381	713	1,007	972	584	3,657
Private sector financing	6	165	302	288	114	875
Net Federal investment in plant improvement	375	548	705	684	470	2,782
Cash loss from operations and other (net)	109	120	69	45	20	363
Total Federal investment	484	668	774	729	490	3,145
Net Federal investment as percent of total	77	83	91	94	96	88

This infusion of capital investment has resulted in a substantial improvement in Conrail's quality of service. Five years ago, 43 percent of Conrail's main and secondary lines were subject to "slow orders." During 1977, an average of 18.9 percent of all locomotives and 13.2 percent of all freight cars were unavailable for service at any given time. These facts, in turn, resulted in either the denial of service or unreliable service to many of the region's shippers.

Today this situation has changed. Slow orders are down to 4,003 miles compared to 7,791 miles back in 1976. Unserviceable locomotives and freight cars are down to 14.6 percent and 10.1 percent of their respective fleets—both well within the industry's norms.

As a result, the percentage of Conrail's carloads delivered within 24 hours of schedule increased to an average of 83 percent during 1980. This is a 19-percent improvement over 1979's average of 70 percent. In addition, freight cars now require an average of only 20 hours to be processed through a Conrail classification yard, which represents a 29-percent improvement over 1979.

These impressive but abstract statistics are even more meaningful when one looks at individual line improvements. For example, it no longer takes 7 days for a freight car to travel from Pocomoke City, Md.—Conrail's southern terminus on the Delmarva Peninsula—to Enola, Pa., just outside Harrisburg. Today, it takes only 25 hours. That to my mind is a real improvement, the sort of improvement which is threatened by this hastily and ill-conceived cut in Conrail service which this budget reconciliation resolution mandates.

Mr. President, I can go on citing such statistics. But I shall not, although I do ask unanimous consent that the following tables showing Conrail's investments and improvements in each State be printed in the RECORD at this point.

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

CONRAIL TRACK IMPROVEMENTS (1976-80)

State	Miles of rail laid	Miles of rail resurfaced	Crossties replaced
Connecticut	0	371	217,241
Delaware	9	337	354,713
District of Columbia	0	1	0
Illinois	151	1,604	591,692
Indiana	565	4,988	1,793,907
Kentucky	0	0	0
Maryland	41	361	120,722
Massachusetts	122	1,095	621,752
Michigan	199	2,160	931,929
New Jersey	172	2,366	997,967
New York	601	7,797	3,178,130
Ohio	1,137	10,445	3,927,310
Pennsylvania	1,051	11,999	4,637,657
Rhode Island	0	14	13,654
Virginia	0	16	1,538
West Virginia	46	338	195,875
Total	4,094	43,892	17,484,087

CONRAIL CAPITAL EXPENDITURES (1976-80)

State	Track rehabilitation (millions)	Nontrack expenditures (millions)	Total capital expenditures (millions)
Connecticut	$10.60	$1.32	$11.92
Delaware	12.40	1.77	14.17
District of Columbia	.21	.03	.24
Illinois	58.80	7.94	66.74
Indiana	190.10	42.70	232.80
Kentucky	.10	.07	.17
Maryland	9.00	3.98	12.98
Massachusetts	45.20	5.86	51.06
Michigan	80.20	13.47	93.67
New Jersey	65.10	25.94	91.04
New York	249.70	59.95	309.65
Ohio	403.40	79.34	482.74
Pennsylvania	568.40	125.97	694.37
Rhode Island	.80	.07	.87
Virginia	.10	0	.10
West Virginia	15.30	1.30	16.60
Total	1,709.41	369.71	2,079.12

Mr. BIDEN. Mr. President, I hope that my colleagues realize that the money we have spent on Conrail has not been wasted. Tangible accomplishments have been achieved and more are on the way. Conrail has rebuilt much of the deteriorated line it inherited from Penn Central and the other bankrupted rail lines. This is the investment which we are threatening today by adopting the Budget Committee's instructions on Conrail.

Finally, I would like to take just a few minutes more to explain the Budget Committee's recommended funding level, this amendment's funding level, and what both mean to Conrail.

CONRAIL'S BUDGET

In the Stagger's Act, Congress last year authorized $329 million for fiscal year 1981 funding of Conrail. In addition, $200 million was authorized for the establishment of a work force reduction program. The Reagan administration is requesting a supplemental appropriation of $350 million, of which $150 million is to be deferred until fiscal year 1982. Of this $150 million, $50 million is for the voluntary annuity program, thus leaving only $100 million for Conrail's capital and operating budget needs.

The Senate Budget Committee adopted the President's recommendations which also include the termination of all Federal support for Conrail after fiscal year 1982's $100 million. So what we are talking about now is whether $100 million is sufficient for Conrail to maintain operations during fiscal year 1982. Clearly it is not.

It is not if we intend to keep Conrail operational while the Congress debates its future. It certainly is not if we decide to restructure Conrail in order to give it a chance to become self-sufficient. It is not even sufficient if we decide to dismantle Conrail by selling off its profitable lines to existing railroads. In any case, none of these alternatives can be implemented overnight.

So what does the funding provided for in this resolution mean? Let me read from the testimony of L. Stanley Crane, Conrail's chairman, to the Senate Commerce Committee last week:

> If I were told today that I had to keep it (Conrail) going through the end of 1981 with the funds requested in the President's budget, I would say we can do it. If, on the other hand, I was told today that the funds in the Administration's budget had to sustain operations through 1982, I must tell you it would be difficult to do. Even if all capital programs were stopped completely and we did absolutely no track work, repaired no freight cars and locomotives and furloughed thousands of workers, it would appear by the end of 1982 the railroad would be unable to meet its payroll. The results of these actions would be more than just unpleasant. The railroad would deteriorate, both physically and from a service point of view.

Mr. Crane addressed this same question—the effect of the President's budget recommendations—in a March 13 letter to Congressman JAMES FLORIO, the chairman of the House Subcommittee on Commerce, Transportation, and Tourism. In it he explained:

> If directed, I could eliminate the proposed capital expenditure program (which I have already had reexamined and reduced from earlier plans) to stretch out available funding. However, this is not a solution and follows the path of the bankrupt predecessors deferment practices. That could undermine the government's present investment in rehabilitation and prejudice either Conrail's future or the potential for controlled transfer of the properties.

I hope it is clear to all in this body that Conrail simply cannot operate beyond early 1982 given the funding level assumed by the Budget Committee in this resolution. It simply is not realistic.

THE BRADLEY-BIDEN AMENDMENT

This amendment would restore $100 million in fiscal year 1982 and $200 million for fiscal year 1983 to the cuts recommended by the Budget Committee. Even with this higher funding level, Conrail would be receiving less than 50 percent of what it would under current policy.

Mr. President, I think it is important for all to understand that this amendment does not address what Conrail's future structure should be. It does not mandate its continued existence. Nor does it presume its dismantling as proposed by the administration. What it does provide for is sufficient funding to allow Congress and all concerned the time to make informed decisions. The funding contained in this resolution is simply not adequate to insure Conrail's continued operation while its future and that of freight and commuter service in its 17-State area is being debated.

The Bradley-Biden amendment simply provides Conrail with the minimum funding needed to avoid a shutdown or major deterioration while a viable rail system for the Northeast and the Midwest is being shaped—whatever its configuration. I urge my colleagues to support adoption of this amendment.

Mr. President, in light of the fact that I have exceeded my time generously allotted to me by the primary sponsor of this amendment, I shall yield the floor to hear from New York and other States. I thank my colleague from New Jersey for yielding to me.

Mr. BRADLEY. Mr. President, before the Senator yields the floor, let me say that I think that, as he does so often, he has captured the nub of my intent here. That is that the debate we have heard so far has been framed in the words of safety nets or holes in safety nets.

What we want to do with this amendment is to say: Let us look to the future with some confidence, with some sense of adventure, with the belief that we can make a better world and bet on people and technology. Government has a role in that process, and that is what this amendment affirms.

I am pleased to yield to my colleague from across the river, the Senator from New York (Mr. MOYNIHAN).

Mr. MOYNIHAN. I thank the Senator from New Jersey.

Mr. President, I should like to pick up exactly where the Senator from Delaware eloquently left off, to take what I hope is not an unfair advantage of the distinguished Senator from North Dakota, who is presiding at this point and is not immediately free to respond to what I am about to say. If he wishes to respond, that can readily be arranged.

I simply want to tell the Senate of the last substantive exchange which took place in the Budget Committee before the resolution before the Senate was reported by the committee.

The distinguished Senator from North Dakota, very properly, in my view, asked the chairman, our honored friend from across the aisle, who is in the Chamber, whether he could be certain—the Senator from North Dakota, that is—that nothing in this resolution would reduce the funding for the Rural Electrification Administration. He wanted to make certain of that, and he was right to do it.

I simply took the opportunity to say to him that I certainly shared his concern, and that the Rural Electrification Administration, an enterprise begun by a New York President in the midst of the depression of the 1930's, had done remarkable things for the people of this country.

It had taken the women of the Great Plains out of the mud. It took the agriculture of the South out of the 19th century. It made the Great Plains the grainery of the modern world and, in so doing, benefited not just those who lived there but also millions of persons in this world who would not have been fed in this century, not in the past decade, had it not been for the Rural Electrification Administration.

Here is an example of Government investing in our country, improving it and strengthening it.

The PRESIDING OFFICER. The time of the proponents of the amendment has expired.

Mr. MOYNIHAN. Mr. President, in the absence of the Senator from South Carolina, a member of the Budget Committee, may I ask for another 20 minutes on the resolution?

Mr. BRADLEY. Mr. President, as the manager of this amendment, and in the absence of the Senator from South Carolina, I am prepared to yield the Senator 5 minutes on the resolution.

Mr. MOYNIHAN. May I have 7?

Mr. BRADLEY. I yield 7 minutes.

The PRESIDING OFFICER. The Senator is recognized for 7 minutes.

Mr. MOYNIHAN. Mr. President, this is also to say that there has not been any disposition on this side of the aisle to deny the reality of the problems that the Senator from New Mexico eloquently speaks of

In 1975, I was a member of the commission that Vice President Rockefeller had set up earlier, in 1974, called the Commission on Critical Choices for Americans for the Coming Century.

I prefaced a long paper I wrote at that time by saying that there are two critical choices the American people face: The first is, How much Government do we want? The second is, How much growth do we want?

Persistently, for a generation, we have opted for more Government and less growth.

We have been too much enthralled by an economic doctrine that arose in Britain in the 1930's, which holds that ad-

vanced industrial economies have an inherent tendency to surplus, that there is an inherent tendency to oversaving.

This could be true in the very special time and circumstances of the British Isles in 1935. However, there is no inherent tendency to surplus in the world, but to shortage; and no inherent tendency to oversaving, but not to save enough. We had to reject that construction, and we have done so.

What we would question today, and have been doing from the time of the budget hearings, are the economic assumptions that the administration has presented to us. Quite simply, they present a facile view of the future. They describe a future in which the cumulative economic dislocations of three decades will have been resolved in 3 or 4 years. It is not going to happen. Were it going to happen, we could abandon the role of Government in the economy and assume that things will take care of themselves. They will not.

On March 5, I was asked to address the Economic Club of New York, one of the more distinguished such bodies in the Nation. In an address that was entirely supportive of the President's enterprises and purposes, I said:

> Do not suppose the deficit for the year 1982 will be $45 billion. It will be at least $60 billion.

We now see that the Joint Economic Committee, using the Data Resources model, projects a $58.5 billion deficit for that year, rising to $110 billion 2 years later.

We cannot come out of this last decade and assume a GNP growth of 4 percent to 5 percent a year.

I asked Mr. Stockman about this at the hearings. I said:

> You can't do this and expect us to take these revenue estimates as real.

He insisted they were. I see that the Joint Economic Committee wholly disputes any such likelihood. Similarly, the change in the inherent core rate of inflation.

We believe in investments, in capital gains tax cuts rather than consumption tax cuts, and similarly we believe in investment in the public sector.

You cannot allow Conrail, which serves the quadrant of the Nation that generates 40 percent of the gross national product, to disappear, and expect the GNP to rise.

You cannot cut back the National Science Foundation, which nourishes the brain tissue of the Nation, and expect innovation and productivity to increase.

You cannot cut support for the most efficient forms of transportation, ones that lessen the dependence on imported oil, accept the inevitably consequent transfer from mass transit to automobiles, and look for a decrease in dependence on foreign oil.

These things will not happen.

The Senator from Delaware and I, following the lead of the Senator from New Jersey, are asking that Senators consider that there are aspects of investment in the future which are being cut out in a misguided and misinformed adherence to revenue and production estimates that are not supported by the evidence anyone now has available.

I thank my friend for giving me this time to speak in support of his amendment.

Mr. BRADLEY. Mr. President, I thank my colleagues from New York and Delaware for their support of this amendment and for joining me to point out to the Senate the terribly erroneous assumptions of this budget; to call attention to the danger of proceeding on those assumptions; and, yes, to bring a warning of sorts about what might lie in the future if we do not at least apply the same level of skepticism to these assumptions that we do, and as we have done in this budget, to various Federal programs.

I am prepared to hear from the opponents of this amendment. I hope they will address the assumption question—what might be the fate of this country if those assumptions are wrong and yet we proceed in that direction clearly and confidently. I hope they will speak to their commitment to investment in human capital and infrastructure as well as plants and equipment, and their commitment to the underlying need to develop our research and development capabilities in this country.

Mr. President, I believe that this budget is a managerial budget. It is not a budget that looks to the future. It is not a budget that says we can actually set a course and follow it steadily to that better future. Rather, it is a budget that says we are going to manage the status quo; we are going to manage existing programs better; we are not going to go out to space; we are not going to take the tough decisions that will bring economic growth.

For these reasons, I offer this amendment, to call attention to some of the areas that are lacking. I ask my colleagues to focus a little on the future and not only on the present and our present crises.

Mr. DOMENICI. Mr. President, I yield myself 5 minutes.

I regret to say to my good friend from New Jersey that I am not going to go into economic assumption details here today. We will do that, however. I just submit the real issue is, who has any economic assumptions that do not justify at least cutting $36 billion out of the 1982 Federal budget? That is the issue. That is the only issue here today.

If the Senator has some economic assumptions from any economic school that he wishes to really ask the Senate to believe which says we should not cut $36.8 billion out of this budget, then that is an issue. Whether or not the President's program with these cuts, his tax-cut proposals and his regulatory reform, is going to accomplish what his assumptions say over the next 4 years is fair game, but not here today, unless the Senator is prepared to tell the Senate, "You should not cut these items, you should not cut this much because we have a set of economic assumptions that say that is dangerous for America." I ask the Senator to get up here and tell the Senate, tell the American people after what they have seen about the budgeteering in the United States that it is dangerous. I am sure the American people, if the Senator tells them this, will wake up tomorrow morning scared to death, if the Senator tells them, "Cut $36 billion out of this budget and we have some economic indicators that say you are in trouble, America," because it is not so.

That is the only issue here.

If the Senator wants to talk about mass transit cuts being shortsighted, we have voted on every one of those already. The Senator lost, other than on Conrail, and perhaps the Senator would wish to make that a little more specific than he has. But we have already tried to add money back into the committee for mass transit. It has been defeated rather handily. The arguments have all been made. I will not make them today.

On economic productivity, as sensitized by spending money on NSF or education, we are talking about $39 million in 1982 so we put in perspective the arguments here today about the shortsightedness of not putting enough Federal money inside scientific research through NSF, and I just looked at it and the sum total of the President's cuts which are assumed here, I say to my good friend from New York, are $39 million, and, by the way, I supported in the committee putting them back, but I am not going to take the floor and make a 20-minute argument that the failure to fund $39 million of NSF money is an indication we are not going to have any innovativeness left in the country.

As a matter of fact, and I say this specifically to my good friend from New York because we collaborated putting more money in NSF in the past, I checked carefully what they intend to cut from NSF. It is interesting that they do not cut any of NSF activities that have to do with basic research and development, that have to do with scientific research. The committees can do that if they like. The President's assumptions are that basically NSF activities that have been in the sociological kind of studies and the like are the ones that should be cut back. Maybe the committee will cut otherwise.

But suffice it to say that, in conclusion, on economic modeling I am delighted to know, I say to Senator BRADLEY, that last year the Joint Economic Committee, under the chairmanship of Senator BENTSEN, chose to use Chase Econometric modeling and it came out supply side. We have a new chairman of that committee, as the Senator knows, and he chose to use Data Resources, and they do not agree, these two.

So now we are telling the Senate that the President is wrong, Chase is not right either, but Data is right, and we are all doomed if we accept the President's program because we are going to have how much of a deficit in 1984, I ask Senator BRADLEY?

Mr. BRADLEY. Mr. President, according to the Joint Economic Committee, Data Resources is the only econometric study that actually carries through the President's assumptions on the money supply. Chase did tax cuts and budget cuts but not money supply.

Mr. DOMENICI. How much is the deficit?

Mr. MOYNIHAN. $110 billion.

Mr. BRADLEY. Mr. President, if it is carried through, the deficit will be $111 billion according to the Data Resources model of the Joint Economic Committee.

It is interesting that we all say that we want research and development. We are here in the Chamber disputing some budget cuts, but we are skirting the issue of the tax side of this question because we are saying we are only dealing with budget cuts here today. But if the assumption of this budget was not that we were going to have $52 billion in tax cuts in fiscal year 1982, there would not have been the need for as deep a budget cut.

So, we talk about research and development. The Senator is for it and I am for it.

There are two bills before the Senate, one by Senator DANFORTH and one by me, which would provide tax credits for research and development. Are we going to have tax credits for research and development if we have $52 billion tax cut? Or will that be in the second tax measure this year? If so, then maybe we should adjust those figures to $111 billion upward because the model of the Joint Economic Committee did not cover the second tax bill that we might be moving to this year.

So what I guess I am saying to the distinguished chairman of the Budget Committee is that on budget matters, as the Senator knows, everything is relative. We just want to try to be consistent with the intention of the administration, not just on the taxes and budget but on taxes, budgets, and money supply.

I ask the Senator to check to see if the administration's projections did include what they have stated for money supply or only included budget and tax cuts. I think he will be surprised at what he finds.

The PRESIDING OFFICER (Mr. HAYAKAWA). Who yields time?

Mr. DOMENICI. Mr. President, I yield myself whatever time I need.

Mr. President, I say to my good friends, the Senators who are debating here with me, that I will have to leave the floor in a couple of minutes myself, but I yield a minute to the Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank the distinguished chairman and friend.

I simply point, as we will recall, thanks to his initiative, which is always generous and openminded in these matters, it happens that of the economists we met with to consult with the economic assumption several weeks ago, one was Mr. Eckstein, responsible for the Data Resources model, and Mr. Schimering responsible for the Chase model, and both agreed that assumptions set in the budget were at the very best a possible case and not in fact a probable case, but they are as fallible as the Senators and I, but they certainly are willing to try.

Mr. DOMENICI. Mr. President, there is a new era of hope and optimism abounds.

Let me close by saying to Senator MOYNIHAN that I do think he made a point. I think he said that is a rather simple program, big cuts in the budget, large tax cuts and regulatory reform. He said that rather than to yield to utopia that is being promoted he just did not think things could be done that easy.

That is my way of saying what he said. Am I kind of paraphrasing the Senator?

Mr. MOYNIHAN. The Senator is.

Mr. DOMENICI. Let me suggest that no one is suggesting that at its best the President's economic program is going to return America to what it was 12, 15, or 18 years ago.

We are still expecting at its best unemployment at a very high level. We are expecting inflation at a very high level, I mean compared with what it was 26 years ago, the last time my party was in control of the Senate. Inflation is going to be five times higher than that, I say to the Senator. The Treasury bill rates the last time we were here were nine-tenths of 1 percent.

Mr. MOYNIHAN. And the GNP will be three times as great.

Mr. DOMENICI. And the GNP will be three times as great, and we will be home free.

● Mr. KENNEDY. Mr. President, I support the amendment of the distinguished Senator from New Jersey, Mr. BRADLEY, to restore funding crucial to the economic infrastructure of this Nation and to strengthen the human resources of this Nation.

The amendment would add $100 million for fiscal year 1982 and $200 million in fiscal year 1983. It is a bare-bones amendment whose purpose is to prevent a forced, imprudent, and hasty abandonment of a $3.3 billion Federal investment in this rail system.

The failure to approve these funds will jeopardize not only any opportunity for Conrail to restructure its operations and plan to become self-sustaining in the future, but will destroy even the opportunity for its acquisition by private railroads, as the administration seemingly desires.

Conrail is not an isolated Federal program that can be discarded lightly. It is a 17,000-mile rail freight system in 17 States which serves 40 percent of the Nation's manufacturers and the bulk of our export-import commerce.

It also is the Nation's largest commuter railroad, operating rail passenger service for 450,000 passengers daily in five States.

It is less than cost effective to even contemplate the unplanned and clearly undesirable consequences of suddenly jettisoning Federal support for Conrail at a moment when its future has yet to be decided by the Federal Government.

Beginning today, we will be receiving four comprehensive reports from USRA, Conrail itself, the Federal Railway Administration and the Interstate Commerce Commission. Surely, we do not want to eliminate our capacity to respond to those recommendations.

It should be emphasized that in 2 days of hearings only this past week there was no one other than FRA who testified that the administration's proposal to transfer Conrail properties at this time to other private railroads was either possible or desirable.

Both USRA and the new president of Conrail, a respected railroad executive—L. Stanley Crane—spoke in terms of future Conrail operations without need of Federal financing only if a series of changes took place. However, neither viewed the abandonment of Conrail by the Federal Government as an acceptable solution.

Speaking for my own State of Massachusetts, I am convinced that it would be an economic disaster to permit the sudden decline and deterioration of Conrail.

Some 80 industries have located or expanded their facilities on Conrail in Massachusetts over the past 5 years with an investment of some $50 million and the creation of 6,200 new jobs. They and the existing industries and communities depend on Conrail for service and I would venture to say, Mr. President, that many of those industries serve communities in every State in the Nation.

Perhaps the most important point to make is that Conrail is not a Northeast and Midwest railroad. It is a railroad that interconnects with other railroads to help move freight all across this land. Some 70 percent of Conrail's traffic is interchanged with other railroads and its sudden demise would create a serious crisis for our railroad network and for our national economy.

I also would echo the words of Mr. Crane that the Conrail system today is a vastly improved and more modern rail system than we saw in 1975, a time when the demise of Penn Central presented this country with a crisis of national proportions.

Some 70 percent of all the funding for Conrail has gone directly to improve the railbeds, tracks, and rolling stock of the system and the value of that system has increased accordingly.

In Massachusetts alone, some 122 miles of rail have been laid, 1,000 miles surfaced, 621,000 new ties installed and an additional $6 million expended in capital improvements.

The problems facing Conrail are complex and difficult. Their resolution will take the combined effort and sacrifice if the railroad, local communities, shippers, and labor. But it will never be possible—either to produce a self-sustaining railroad or to achieve any planned transition to private lines—if we abandon Conrail at this time.

In mass transit, the restoration of some $50 million in fiscal year 1982—one quarter of the budget reduction—and $390 million in fiscal year 1983—one-half of the budget cut—at least reduces the devastating reduction intially proposed.

Our cities continue to be a driving force within our society and the mass transit systems of Boston and other communities has accepted higher fares, delayed modernization and sought other ways to cope with the inflationary rise in the cost construction, renovation, and operation.

The adoption of this amendment will ease the cutback now proposed in the budget resolution only slightly. But here again, it is a proper, appropriate and necessary step in the right direction.

We must recognize first that mass transit is part of our economic infrastructure. It is the way people get from home to work.

Funds are not for existing transit systems alone but to support additional purchase of buses in cities across the country.

In Massachusetts—one-half million people use MBTA every day—how many Americans depend on rail and bus transit to get to work each day? What happens if we allow these systems to deteriorate?

It makes it more difficult for urban areas to succeed and for our economy to prosper.

Federal funding in my State has been essential to permit major renovations to the Red Line which serves the South Shore, the Green Line which serves the western suburbs of Boston, and the Blue Line which represents access to the North Shore. Improvements in rolling stock—cars—road beds, and stations have helped to increase ridership, improve efficiency and upgrade the quality of the city's mass transit system.

With gas prices already approaching $1.50 a gallon, and the forecast of $2 a gallon by next year, it is essential that we have a viable system of mass transit in Massachusetts. Mass transit is a proven energy saver in Massachusetts and all across the Nation.

This amendment also restores funding to the research and science education activities of NSF.

For 30 years NSF has been the primary impetus for our scientific and technological advancements. Restoration of funding for research is necessary if we are to achieve our national economic, social, and political goals and reverse the trend of our rapidly diminishing international prominence in science and technology. Restoration of NSF funding is necessary to upgrade deteriorating scientific equipment and instruments in over 200 universities and 14 national research centers. Upgrading this equipment is critical to improve the productivity of our research efforts and increase the probability of making new scientific breakthroughs.

Restoration of NSF funding is necessary to maintain support for over 2,000 graduate training fellowships and to provide opportunities for continuing education for close to 3,000 science teachers who will have an impact on hundreds of thousands of students. These efforts are essential to maintain a high level of expertise among our Nation's scientists and to insure a basic level of scientific literacy among our Nation's general populace.

Restoration of NSF funding is necessary to implement the women and minorities in science programs which, if funded at restored levels, is projected to expose over 12,000 women and other minority students to science career opportunities. This is essential to cultivate new scientific talent, ultimately determining the innovativeness, quality, and scope of our scientific endeavors.

Finally, this amendment will restore funds for worker retraining.

I would emphasize to my colleagues that it is good supply-side economics to support programs that improve human capital.

Edward Denison and other leading economists remind the United States that a well trained work force is critical to improving productivity.

This is not a case of more money for a failed Federal program. Under the present trade adjustment program, little has been done to assist workers in declining industries to acquire new skills or find new jobs. In fiscal year 1980 training funds ran out in May. Fiscal year 1981 funds are already gone.

At a time when this body proposes to cut TRA benefits and unemployment compensation—at a time when hundreds of thousands of long-term workers in basic industries such as auto and steel will not be reemployed in their old jobs.

At a time when technological advances threaten to eliminate jobs in other industries retraining workers for new jobs in more competitive industries where most of the job growth is likely to be is absolutely essential.

I urge the adoption of this amendment.●

● Mr. LEVIN. Mr. President, I support the amendment offered by the Senator from New Jersey. I note the fourth part of the amendment, a restoration of 75 million for job training of experienced workers.

Mr. President, this budget seriously lacks sufficient means for the training of the amendment, a restoration of $75 component of the productivity issue. We have seen drastic reductions in funds for education, investments in youth, and the future prosperity of this country.

This amendment restores but $75 million to functions for job training for experienced workers. The trade readjustment assistance program includes a program for the retraining of individuals thrown out of work due to the influx of imports. Adding $75 million to this program will assist displaced workers to adjust to the situation of their skills no longer being needed. It will prevent even further dislocation from occurring in the lives of these workers and their families. We recognize that in certain industries the number of workers employed have taken a sharp drop. This has happened rather suddenly, often due to the sharp increase in number of imported products and to economic conditions far beyond the control of these employees. It is a good idea to retrain such persons. They are productive individuals and at a time when we are very concerned about our slow growth in productivity, we should develop the kinds of programs to build on this productivity.

The alternative to not investing in a worker retraining program is giving the worker little choice but welfare. It is bad enough that a person finds his or her skill no longer needed; but to find the only alternative available some form of public assistance is a further humiliation. It is to the benefit of our Nation that these individuals be given the retraining that is needed.●

● Mr. CANNON. Mr. President, I am very pleased that the amendment offered by my distinguished colleague from New Jersey recognizes that additional funding is needed for Conrail. Just today we have received an informative report from the U.S. Railway Association indicating that, with limited additional funding of the type proposed in this amendment, Conrail can become viable. The funding must be combined with other actions, such as use of new rate flexibility, tight management of costs, and management and labor efficiencies. We are not talking about maintaining the status quo. Operational and structural changes must be made; these will be considered as the Commerce Committee develops legislation.

The point that needs to be made is that, if Conrail can become viable as reported by USRA, then this is a goal which can be achieved at the lowest cost and with the greatest benefits of any of the alternatives available to the Congress.

Considering budgetary deadlines, we cannot afford to wait. The time to resolve the Conrail dilemma is now. And I am convinced that the additional funding proposed in the amendment offered by Senator BRADLEY is cost effective and should be supported from the standpoint of sound transportation policy.

While I favor the proposed Conrail funding, the amendment also includes other increases in budget authority, totaling more than $800 million in fiscal year 1982. In view of the present need for fiscal restraint, I regret that I am unable to support the amendment in its present form.●

● Mr. RIEGLE. Mr. President, I wish to associate myself with the statement that Senator CANNON made last week concerning Conrail.

The administration recommends no additional funding for Conrail beyond a fiscal year 1981 supplemental appropriation. The proposal was adopted by the Budget Committee before the Commerce Committee held Conrail reauthorization hearings.

The hearings held by the Commerce Committee on Tuesday, March 24 and Wednesday, March 25, 1981, brought to light a number of complex problems in giving new direction to the Conrail system. Congress must be free to consider the alternatives involved here. We must not allow the budget to unduly constrain the Commerce Committee from making an informed logical decision about Conrail.

Conrail provides freight rail service to about 40 percent of the Nation's industrial base. Industries and the jobs they support depend on access to rail service that now exists. The impact of a hasty decision as to the future of this rail service could be disastrous.

Conrail operates in the Northeast and Midwest and as we all know many of the States served are now experiencing severe economic and fiscal problems. The interruption of rail service in these areas could force their economies into a nosedive.

I believe that all of the members of the Commerce Committee recognize that the Conrail situation must be reconsidered and additional economies must be sought. We are considering alternatives.

The administration's funding for Con-

rail, as reflected in the reconciliation, is not realistic. In this regard, I would point out that no funds are included for labor protection. Yet, there is a consensus that any alternative which may be adopted will involve employee protection costs. During recent Commerce Committee hearings on the future of Conrail, the witness for the administration—FRA's Administrator, Robert Blanchette—recognized the need for resolution of the labor protection issue and indicated that the necessary financing would be recommended.

Each of the alternatives involve costs and each of the alternatives involves previous commitments that Congress has made to railway workers. In shaping solutions, Congress must consider the future of rail service to industry and communities in the Northeast and Midwest. But the benefits of Conrail service extend beyond the system's boundaries. Over 70 percent of Conrail's freight traffic is interchanged with other railroads. A cessation of service could threaten the financial health of the rail industry.

Mr. President, the Senate will receive some important studies on Conrail early in April. They will analyze the present condition and the future of this strategically important rail system. The Senate must not make hasty decisions in the budget that would preclude a responsible long-term solution. Congress must consider all the facts before reaching a decision.

I, therefore, urge my fellow Senators to join me in support of Senator LIDEN's amendment to include $100 million additional funding in the budget for Conrail and allow room for us to make a rational and informed decision about the future of the Conrail system. According to Conrail's own estimates, these additional funds would simply allow them to cover their labor costs, operating deficit, and capital costs through fiscal year 1982. Without this help, Conrail will go bankrupt by the end of the first quarter of calendar year 1982 and serious interruptions in service could occur.●

Mr. DOMENICI. I yield back the remainder of my time on the amendment.

Have we asked for the yeas and nays? Did the Senator wish to ask for the yeas and nays?

Mr. BRADLEY. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Jersey.

On this question, 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 West Virginia (Mr. RANDOLPH) and the Senator from New Jersey (Mr. WILLIAMS), are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

The PRESIDING OFFICER. Is there any Senator in the Chamber wishing to vote who has not done so?

The result was announced—yeas 22, nays 76, as follows:

[Rollcall Vote No. 62 Leg.]

YEAS—22

Biden	Glenn	Pell
Bradley	Hart	Riegle
Burdick	Inouye	Roth
Cranston	Kennedy	Sarbanes
Dixon	Levin	Tsongas
Dodd	Mathias	Weicker
Eagleton	Matsunaga	
Ford	Moynihan	

NAYS—76

Abdnor	Garn	Metzenbaum
Andrews	Goldwater	Mitchell
Armstrong	Gorton	Murkowski
Baker	Grassley	Nickles
Baucus	Hatch	Nunn
Bentsen	Hatfield	Packwood
Boren	Hawkins	Percy
Boschwitz	Hayakawa	Pressler
Bumpers	Heflin	Proxmire
Byrd, Harry F., Jr.	Heinz	Pryor
	Helms	Quayle
Byrd, Robert C.	Hollings	Rudman
Cannon	Huddleston	Sasser
Chafee	Humphrey	Schmitt
Chiles	Jackson	Simpson
Cochran	Jepsen	Specter
Cohen	Johnston	Stafford
D'Amato	Kassebaum	Stennis
Danforth	Kasten	Stevens
DeConcini	Laxalt	Symms
Denton	Leahy	Thurmond
Dole	Long	Tower
Domenici	Lugar	Wallop
Durenberger	Mattingly	Warner
East	McClure	Zorinsky
Exon	Melcher	

NOT VOTING—2

Randolph	Williams

So Mr. BRADLEY's amendment (UP No. 39) was rejected.

Mr. QUAYLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, I yield to the Senator from Michigan.

SOCIAL SECURITY STUDENT BENEFIT PROGRAM

Mr. LEVIN. Mr. President, the social security benefit for college students of deceased, disabled, or retired workers is phased out under the Budget Committee's instructions. The administration recommends and the Budget Committee assumes that benefits to new postsecondary student recipients would be eliminated and existing recipient benefits would be reduced by 25 percent annually over 4 years.

It might be argued by some of my colleagues that elimination of this program is justified. It might be argued by some that for budgetary reasons, a modification of the program is absolutely necessary. It might be argued by others that the social security student benefit program should be left intact—that we should not tamper with the contract we made with retired, disabled, and deceased workers.

I believe, that if this Government finds that one of the ways to insure the integrity and solvency of social security is to renege on its promise to those who have worked and contributed to the system—upon which they planned the educational future of their children—then it must be done in the least painful and most honorable way.

I am concerned about the fact that the proposed change in the student benefit program would happen very suddenly. We are talking about aid to students now in high school. Seniors planning to attend college in the fall, and trying now to make final plans based on how much student aid they may receive. If social security aid is suddenly eliminated, and other programs cut, there will be great uncertainty about the educational future of great numbers of young men and women.

The current timetable does not allow for planning. There is no leadtime to investigate and find alternative resources. There is not sufficient time for State governments to consider what actions they might take to help meet the situation in the fall. The proposed change if made at all, should be phased in over time, in order that appropriate alternatives can be explored and adjustments made.

That senior in high school ought not be denied the opportunity to attend college as planned, only months away.

I am also greatly concerned about the denial of this benefit to survivors of workers who are now deceased. The social security student benefit program has been an important means of educational and economic mobility for this generally disadvantaged group of beneficiaries.

The student benefit was intended to provide income security—insuring against the loss of earnings caused by the death of the working parent.

The elimination of the student benefit would cancel the commitment to workers that their children, if orphaned would be entitled to college student benefits a commitment these workers had a right to rely on. It would destroy the insurance protection that these children relied on after the death of the working parent.

Eliminating the student benefit would critically slash incomes of these vulnerable families. Many are in near poverty situations, many are marginal income families and struggling middle-income families. Their deficits in meeting educational costs would soar and for many students the only alternative is delayed, interrupted or terminated education.

Sixty percent of the approximately 800,000 college student beneficiaries this year are survivors of deceased workers. Seventy-one percent come from families with incomes under $15,000, and 53 percent are from families with incomes under $8,000. A number of the students are from families where both parents are deceased.

So, what we see here is that most of these students come from families not only in need but faced with substantial personal problems in raising and educating children. In many cases the mother is the head of the household, and as we know, such households have considerably lower incomes, on the average, than those households headed by men.

If we are not going to honor our commitment to the retired and disabled workers with children hoping to go to

college, in other words, to these workers who are living, let us at least honor our commitment to the dead.

In a few days I will be filing legislation which will reflect my concerns in this regard. I would hope that the Finance Committee will consider the impact of the proposed changes on seniors currently in high school, planning to attend college in the fall. I would also hope that it will preserve the commitment we have made to those workers who are no longer alive, who are therefore no longer able to try to find alternative means for continued financial assistance to their children in reaching their desired educational goals.

Mr. DOLE. Mr. President, as the chairman of the Finance Committee, I would like to briefly respond to the statement of the distinguished Senator from Michigan. I do not necessarily agree with every statement that the Senator has made about student benefits in the Social Security Act. I note that on August 30, 1979, the GAO issued a report that concluded that this program should be eliminated. That report stated that student benefits divert tax money from the basic purpose of social security, it gives many students more money than their school costs warrant while inequitably barring others, it deprives nonstudents of all such benefits, and contributes to other Federal aid programs paying unneeded benefits.

At the same time this Senator is sensitive to the needs of the children of deceased and permanently and totally disabled individuals who have contributed to the social security system. I would like to assure the Senator that when the Finance Committee takes up the proposal to phase out the student benefit, we will carefully consider the impact it will have on current seniors in high school as well as on those who for other reasons cannot make alternative arrangements to provide for their education in the short term. We will also consider whether some groups of recipients should have these benefits for a longer period into the future than others.

Mr. BOREN. Mr. President, I concur with the remarks of my esteemed colleague from Michigan, Senator LEVIN. I, too, am deeply concerned about the plight of high school students who have made college plans under the assumption that the social security student benefit would be available to them. Like Senator LEVIN, I think that we should allow these students time to explore other alternatives before denying them these benefits.

Similarly, I agree that student benefits should continue to be paid to surviving dependents of deceased social security recipients. I received a letter not long ago from one Oklahoma State University student who relies to a great extent upon the student benefit for support. The father of this student was killed while in service in Vietnam. I think it would be wrong for the Federal Government to fail to carry out its commitment to these individuals.

It is my hope that while retaining the student benefit for dependents of deceased social security beneficiaries, the Congress will also gradually reduce the duration of student benefits to 8 months out of each year. In this way students will not be drawing social security benefits during the summer months when they are not in school and are earning money on their own. I understand that the Senator from Michigan intends to include such a provision in his bill and I applaud him for it. The Levin proposal would enable us to meet these obligations while still essentially achieving the first year budget cut and savings requested by the President. It would also result in significant savings in future years.

I commend the Senator from Michigan for his sensitivity and farsightedness in this matter.

UP AMENDMENT NO. 40

(Purpose: To reduce funds for provisions relating to Federal cost of living adjustments (COLA))

Mr. HOLLINGS. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS) proposes an unprinted amendment numbered 40.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, beginning with line 12, strike out through line 20 and insert the following:

SEC. 9. (a) Congress hereby determines and declares that it is necessary to make changes in enacted laws in order to reduce budget authority by $14,677,000,000, and outlays by $2,942,000,000, in fiscal year 1981; to reduce budget authority by $52,969,000,000, and outlays by $39,563,000,000, in fiscal year 1982; and to reduce budget authority by $59,472,000,000, and outlays by $50,724,000,000, in fiscal year 1983.

On page 4, beginning with line 11, strike out through line 20, and insert the following:

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 421 (c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $233,000,000 and outlays by $233,000,000 in fiscal year 1981; to reduce budget authority by $1,066,000,000 and outlays by $1,066,000,000 in fiscal year 1982; and to reduce budget authority by $1,098,000,000 and outlays by $1,098,000,000 in fiscal year 1983.

On page 7, beginning with line 9, strike out through line 18, and insert the following:

(7)(A) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $212,000,000 and outlays by $859,000,000 in fiscal year 1981; to reduce budget authority by $4,354,000,000 and outlays by $11,738,000,000 in fiscal year 1982; and to reduce budget authority by $4,494,000,000 and outlays by $13,526,000,000 in fiscal year 1983; and

On page 8, beginning with line 12, strike out through line 18, and insert the following:

(9)(A) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by $540,000,000 in fiscal year 1982 and to reduce outlays by $470,000,000 in fiscal year 1983; and

On page 9, beginning with line 13, strike out through line 23, and insert the following:

(11)(A) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $39,000,000 and outlays by $65,000,000 in fiscal year 1981; to reduce budget authority by $658,000,000 and outlays by $688,000,000 in fiscal year 1982; and to reduce budget authority by $1,601,000,000 and outlays by $1,569,000,000 in fiscal year 1983; and

On page 10, beginning with line 22, strike out through line 6 on page 11, and insert the following:

(13)(A) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $24,000,000 and outlays by $23,000,000 in fiscal year 1981; to reduce budget authority by $76,000,000 and outlays by $73,000,000 in fiscal year 1982; and to reduce budget authority by $73,000,000 and outlays by $73,000,000 in fiscal year 1983; and

Mr. HOLLINGS. Mr. President, may we have order in the Chamber? I will try to make this just as brief as possible.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HOLLINGS. After this particular amendment, I think we have an amendment to be offered by the Senator from Ohio (Mr. METZENBAUM), and then three amendments by the Senator from Wisconsin (Mr. PROXMIRE).

This amendment involves the problem of indexing, and how the Consumer Price Index overstates the real impact of inflation due to its treatment of homeownership.

Mr. President, I think we really should have the attention of our colleagues.

The PRESIDING OFFICER. The Senate is not in order.

The Senator from South Carolina may proceed.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

I think at this particular point, the Senator from New Mexico, the chairman of our committee, who has done such an able job, would like to say something about discipline. I know they want to conclude action on this particular resolution either this evening or in the morning. And in the course of my comments, I want to refer to the discipline the chairman maintained in getting the spending cut package of the President through the Senate. He is to be commended.

I am very pleased with it. As you know, last year we fought and struggled very hard to balance the budget. At that time, as chairman of the Budget Committee, I wanted to save several billions of dollars. We proposed a balanced budget at that time but it evaded us because of higher unemployment and the lame duck session.

Now with that experience behind us, Mr. President, maybe we have a chance to really get on top of the budget. A chance to really develop credibility in the budget process, to really effectuate a dis-

cipline and a credibility within the Budget Committee that will make it meaningful.

I am convinced the distinguished Senator from New Mexico agrees with me. When he comes to the floor, we will get into it more thoroughly because there are certain strong statements that our distinguished chairman has made on this particular point.

More than anything else, a sense of history is good at a time like this because it is important to review the various events that have developed politically over the last decade.

But let me say that I am not talking in a partisan fashion. In fact, I rather agree with deTocqueville who said there were many men of integrity in both parties in America, but in America there is no party of integrity. That has not changed much in 100 years.

So to begin 30 years ago, what we had in essence was Harry Truman balancing budgets. For 4 of his years he had a balanced budget. Furthermore, between 1950 and 1960, the cumulative deficit for the entire 10-year period was only $17.7 billion.

Between the period of 1960 and 1970, with the New Frontier, the Great Society, and the war in Vietnam, the entire 10-year cumulative deficit was only $57 billion. But by the year 1976, under President Ford, we hit the high mark of a $66 billion deficit in 1 year alone.

How did it happen? How did it really occur, beginning in the 1970's, that the budget went out of control?

Well, for one thing, we did exercise restraint when we had to in the 1960's. I happen to have served on the Appropriations Committee. We did not have a Budget Committee at that time. We conferred with the House side and George Mahon, who was then chairman of the conference committee, and in December of 1968 we cut back $5 billion in spending, sort of a minor reconciliation.

We just agreed among ourselves that somehow, some way, we had to get on top of the pending inflation. At that particular time, in conscience and in fact we cut some $5 billion in spending on December 5, and came back with fiscal year 1968–69, having a surplus of $3.2 billion.

Then what happened? Well, there were a lot of things that came about. And that is why I say a sense of history is so important. Because the next spending argument we faced was about taking programs at the Federal level—the grants, the guarantees, the assistance—and sending them back down to the local level where they can be better administered. We used a characterization then that said sending money to Washington and having the program administered there but the dollar being sent back home was like getting a blood transfusion from your right arm to your left arm with a leaky valve. It cost $3 for every $1 in the particular program.

But we had that movement going on by President Nixon until in 1971, he picked out a poll that I will never forget. It showed that the distinguished Senator from Maine, Senator Muskie, was leading, and there was panic. So at that particular time President Nixon said:

> I am not going to argue with that Democratic Congress any more. Let them pass their programs as long as we get our programs through. What I will do is I will impound, I will rescind, I will defer their programs, and I will take as many as I can possibly get through the national Congress and send them on down to the local level. We will have revenue sharing.

And therein a spending spiral started in 1971–72.

And as we all know next the lawsuits came about.

President Nixon did defer, he did rescind, he did impound. But all the cases and decisions were against him and we got both the programs he wanted and the ones he did not. A double dose of Government. We ended up with a $45 billion deficit in fiscal year 1975. We never heard of such a thing in the entire 10 previous years with the Great Society, the New Frontier, and the war in Vietnam.

I will never forget the Chairman of the Council of Economic Advisers next proposing what they called a full employment budget. That says, "Act as if you inherited a million dollars from your uncle, go ahead and spend it."

Of course, you have never inherited it but you spent it anyway. That is what promoted profligacy and waste.

What that policy said was that if we had full employment we would have so many billions in revenues. And based on that assumption we will appropriate. And if it did not happen, we have a miscalculation. So we had the full employment budget, without full employment revenues, and created a veritable financial cancer.

It did not take the Democrats long to move beyond that particular challenge, particularly Wilbur Mills on the House side.

Let me read what was just stated by Dr. Martin Feldstein, the president of the National Bureau of Economic Research, in the Wall Street Journal in February 2, 1981.

> Between 1971 and 1980, the average real social security benefits paid to retired workers rose more than 30 percent. The average real wage in private employment, however, fell by 10 percent before tax and even more after tax . . . That increase, which caused benefits to depart from the long established relation to earnings, was not the carefully considered choice of Congress but an election year gambit of Ways and Means chairman Wilbur Mills, who momentarily saw himself as a Presidential aspirant.

Of course, that is exactly what occurred. There was no Budget Committee to watch and let me say that even with all the watchers we have today, you do well to watch the Ways and Means and Finance Committees. I have not found out yet how to have a close enough watch on them, even with a Budget Committee. They are very, very elusive and difficult to catch.

In any event, that is what happened. They started immediately in 1972 with a 20-percent increase in social security benefits and added automatic cost-of-living increases on top of that. And you know what they did next? They put off the effect of the COLA for 3 years. They wanted to get past the election and get into the next term. They were all looking at it presidentially and delayed its start until 1975—a most insidious of financial practices.

We are constantly getting approved in Congress, approved right here on the Senate floor similar gimmicks. We let future costs slide around the corner, let them slip and slide, saying watch the right hand, see the left hand, hoping you really cannot see either. It is a magician's act, whereby we recently increased, for example, the social security taxes but did not put the increase into effect until after our reelection. We waited until January 1981 to implement the tax, not November of 1980 when we were all trying to get reelected.

So we have not been candid, Mr. President, we have not been honest with the taxpayers. These are the kinds of things that led to a Budget Committee and the budget process.

Now, Mr. President, that is a brief history of how a lot of these practices came about and how we ended up with these budget deficits. Yet I know of no greater financial cancer on the body politic of the United States and its fiscal system than excessive cost-of-living adjustments, which have overstated by billions and billions of dollars the real impact of inflation. For example, outlays for explicitly indexed programs, only amounted to 3 percent of the budget in 1970. But within the 10-year period since then, they have reached 30 percent, or almost a third of the budget. And further, in the last 3 years, they have overcompensated retirees relative to workers, the very people paying the bill.

I want to hear that crowd on the floor that has been talking about middle America talk about this issue. They all talk about the programs we have for the hungry poor. And the idle rich can look out for themselves with their tax straddles. You cannot get them. They will be in here in planes and they will take care of themselves. do not worry about that. But it is middle America who is so frustrated. And it was compounded when they thought they had the solution in 1976 with Jimmy Carter.

He talked about zero-based budgeting, that he was going to balance the budget. He talked of deregulation. He talked of sending Government back to the local level. But we had more bureaucracy, more regulation, and more unbalanced budgets in that 4-year period of active fiscal rhetoric, and the distinguished gentleman is back down in Plains as a result.

Yet I still need to ask how we can conscientiously, as members of this Committee on the Budget, congratulate ourselves about this budget package that still leaves us with a $45 billion deficit? Please be here tonight when we break or tomorrow morning when we complete action on the resolution, because you are going to hear me thank the distinguished chairman and the distinguished chairman is going to thank the ranking member, about our good work. And we are all going to run up into the TV gal-

lery—I hope they invite me—and we are going to get on TV and say, "We have made history. We have cut $2 billion more than President Reagan; send it over to him in the hospital as a present, we are doing even better, the country has turned around, we are saving so much money."

Bunk. We are still spending faster than we are saving and will continue to do so. Why? Because of these excessive cost-of-living adjustments. And that is why I have offered my amendment—not to eliminate COLA's but to simply eliminate the overcompensation in them. This does not eliminate the cost-of-living adjustment, but the overcompensation feature of it. And with this amendment we would save $2.6 billion in fiscal year 1982, and over a 6-year period nearly $17 billion.

COLA's themselves cost us $22 billion in the 1982 budget. Yet we spend our time arguing about $3 billion for SPRO, or a little $100 million over here for the minority youth to be trained, or another $150 million trying to get comprehensive health care centers for the Senator from Massachusetts. We all get out here and moan, cry, weep, and wail, trying our dead level best with $100 million amounts when we have a multibillion-dollar hemorrhage in the budget.

Specifically, Mr. President, it is clear that Congress must review the cost of automatically indexed programs if it is ever going to balance the budget. As I have stated, the fiscal year 1982 increases alone will exceed $22 billion and over the period 1981 to 1986, COLA costs will exceed $272 billion.

Since I see the distinguished chairman of our Committee on Armed Services, I should also take this opportunity to mention that we have in the Budget Committee another related problem. That is the semiannual COLA paid to military and civil service retirees. I happened to have been there in 1976, when we made the political decision to do away with a 1-percent kicker. We had to face up to it. But opponents raised the point of the Constitution, germaneness, and several other arguments. Over the leadership then of our distinguished majority leader, Mike Mansfield, we finally got the bill to the floor, got 82 votes, and won. But it was regularly almost a fist fight on this floor to accomplish that.

And sadly, when we got it, we had to give in at the last minute and say, "We will give them a twice-a-year cost-of-living adjustment."

Fortunately, we did away with that in this resolution. I hope the authorizing committees will follow through.

I say that because last year in June, when we voted the same measure, the Governmental Affairs maneuvered around and tried to take the savings out of the postal operations function.

Mr. TOWER. Will the distinguished Senator yield?

Mr. HOLLINGS. I yield.

Mr. TOWER. I might note that I did support the committee's action on the COLA.

Mr. HOLLINGS. Mr. President, I appreciate the distinguished Senator's support and the fact that they have done away with it on retirees over in the armed services already.

I had to go before all the retirement groups last fall in the campaign and the only way I could even get their attention was to ask all who had retired before 1976 to please raise their hand. That was, generally speaking, the majority of those in the room. Ninety-five percent would always raise their hands.

I said, "You never heard in your time of retirement about increases twice a year. You never paid for it. I know you are not welfare recipients, you do not want welfare and I know you want to understand that your retirement system is $130 billion underfunded right now, $130 billion."

So, then, they sort of stopped and that is how I got their attention. I did not get their votes, though, I can say that.

In any event, sound fiscal management requires control of entitlement programs in general and control of those that are automatically indexed in particular. Without such restraint, the allocation of a large percentage of scarce resources will continue to take place automatically without explicit consideration of conflicting policy goals and priorities by Congress and the President.

And we are going into a first budget resolution markup next week. The hearings are going on at this very minute. And as we move into that, we shall be setting priorities. And the Senate, in and of itself, can change policies around by how they set those priorities.

But unless we get rid of this financial cancer, we will continue to unnecessarily spend billions upon billions of dollars and continue to watch our retirement trust funds go into red ink.

Let me state further, Mr. President, that a comparison with private retirement systems should also be made. The Federal cost-of-living adjustment provisions are the most generous in the Nation. Yet we are not trying to eliminate these at all. Forty percent of private pension plans have no cost-of-living provision. Almost half have no COLA provision at all. Only 4 to 8 percent of the private plans are adjusted automatically for inflation and generally not for the full amount. No private pension plan is automatically adjusted twice a year.

So we have not been inconsiderate. We believe in social security and other Federal pensions. We strongly support the programs and the retirees. But we should look at the systems with sound financial views. If there are increases in benefits, let us have increases in taxes. Let us keep the trust funds solvent. But do not let us have the unnecessary, overcompensated increases. Because then what do we do? Bust the social security fund or let the civil service trust fund go under?

We have three major retirement funds involved. The social security fund will run out of money next year, 1982. The railroad pension fund will run out of money in 1984. The civil service retirement has already run out of money. We have $166 billion unfunded liability now and it goes up in the next 5 years to $244 billion.

So, as budgeteers let us look conscientiously at the problems of indexing. And specifically let us look at what President Reagan's own supporters, his staff, his studies, and even the main man on this particular measure, David Stockman, have said.

On March 12, just last month, before the Senate Budget Committee, Mr. Stockman said this:

> My contention in the past, and I think it is demonstrable both empirically and theoretically, is, yes, the CPI has been overindexing for about 2 or 3 budget years now, due to the fact that inflation has been getting worse, that interest rates have been rising, and that housing prices have been increasing at a differentially more rapid rate than the general price level.

In fairness to the distinguished gentleman, he went on to say, "Have faith; don't worry." He said:

> With our economic plan, we will bring inflation down, and then we won't have that inordinate, overweighted home mortgage factor in the Consumer Price Index.

And what happened with President-elect Reagan's own social security task force, as reported in the National Journal last fall? This is President Reagan's social security task force:

> The task force further recommends that benefits for current recipients, which increase automatically along with the consumer price index, be boosted by the increase in prices or wages, whichever is lower.

In other words, they have recommended exactly the amendment submitted by the Senator from South Carolina.

With respect to the Hoover Institution and a social security adviser to President Reagan, Rita Ricardo-Campbell, she is quoted in the Wall Street Journal on March 5:

> The monthly cash social security benefits should be indexed to the lower of the changes in the consumer price index or the already existing wage index. . . . It is unfair that social security beneficiaries are better protected against price increases than workers.

So we have that particular endorsement not only from the study panel but also from a social security adviser to President Reagan, Rita Ricardo-Campbell. And this is in addition to President Reagan's own Director of the Office of Management and Budget talking about the problems of overcompensation in indexing.

Mr. President, we also have various economists who are close to the picture. I have seen Dr. Arthur Burns several times counseling with the President. I have the greatest respect for him. I follow his counsel in large measure. I quote from his remarks before the Senate Budget Committee on January 21, the day after the inauguration. The distinguished Senator from New Mexico already had us working. He was not going to let us go. We could not get to an inaugural party or anything else. He was beginning to pick our pockets—but not these privileged classes. Listen to this:

> I would definitely advocate a change in the social security law under which adjustments for inflation would no longer be as reckless

as they are under current law. . . . Social security recipients during the past 5 years have received a larger percentage increase in their benefits than have people working for wages and salaries. . . . Therefore, I think we need to adjust social security legislation one way or another so that social security recipients are no longer what they have become—a privileged class, being treated better than our working people.

That is a statement by Dr. Arthur Burns, former head of the Federal Reserve and one of the principal economic and financial minds in this country.

Elmer Staats, the distinguished Comptroller General, who held that post for the past 15 years, had many recommendations about economy in Government. I quote what he had to say about this subject before the Committee on Appropriations on January 29, 1981:

It is widely agreed that without restraint in the growth of Federal expenditures it will not be possible to end inflation. . . . There is little prospect for achieving this restraint without some check on the programs which are indexed. . . . Under current inflationary conditions, it is necessary for all groups in society to share the burden of bringing inflation under control. . . . Does the Congress really intend that the people receiving these benefits are to be fully protected from the rising price of oil when this protection cannot be provided to most Americans.

Mr. President, when the distinguished, retired Comptroller said "some check," this amendment is a minimal check.

We had another amendment in the Budget Committee to have COLA's conform to the fiscal year—instead of a July 1 payment, have an October 1 payment. That change itself would save us over $4 billion in the next fiscal year, 1982, and it would go up to nearly $20 billion over the next 6 years. But we did not get much support for that. So I wanted to approach this problem in a minimal fashion and not let anyone miss any payment for the 3-month period. But some check is necessary—namely, the overcompensation, the unjust enrichment feature of COLA's.

Mr. President, this has been a sort of bipartisan approach. The Democratic chairman of the Council of Economic Advisers, Charles Schultz, just retired, testified before the House Budget Committee on March 10. I quote:

A direct attack should be made on the problems of indexing in Federal programs. . . . It seems to me only proper that most beneficiaries of indexed programs should have to share—along with wage earners—when the Nation suffers a loss of national income. . . . I see no reason why either workers or general taxpayers should pay additional taxes in order to support a windfall for program beneficiaries, and to insulate them from sharing a national income loss.

So it is called a windfall, a reckless procedure—actually, a privileged class—by Democrats and Republicans, liberal and conservative economists alike.

Dr. Lawrence Chimerine, chairman and chief economist at Chase Econometrics, told the House Budget Committee on March 17 of this year:

In my view, unless indexing is directly attacked within the scope of budget reductions, there is a potential for continued explosive growth in Federal expenditures in the years ahead. . . . Several of the indexed programs which are part of the so-called "safety net" provide substantial benefits to those who are not poor. . . . Thus, I would target more of the cuts to the indexed programs, by changing the formulas for indexing, and less in some of the programs which have thus far been designated for budget cuts.

In other words, a proper order of procedure would be that before we cut any particular program's budget, we should go first to the unjust enrichment, we should go first to the windfall, we should go first to the inequity, we should go first to the privileged class, before we cut strategic petroleum reserves, education, veterans, or whatever it may be.

Incidentally, the administration saw no problem in capping the veterans' doctors pay bonus. That was part of the several hundred million dollar cut from the veterans program that we tried to restore.

The veterans' doctors got capped. They cut them back, but they could not cap the real programs that have such an impact upon the Federal budget.

Mr. President, Robert J. Myers, of the National Commission on Social Security, and I quote him, said before the Budget Committee for his Commission on Social Security:

The indexation of pensions in force should not, over a long period of time, put retirees in a better position than active workers. . . . If the indexing factor results in benefits rising more rapidly than net take home pay of active workers over a period of several years, this is an inequitable situation. . . . Remedial action should be taken, such as capping the indexing factors or having them be the lower of price increases or wage increases.

That is exactly the amendment before the Senate today recommended by this august member of the National Commission on Social Security.

Mr. President, I could go on. I have several other quotes that I wish to bring to the attention and maybe if my distinguished chairman of the Budget Committee is in the cloakroom——

Mr. DOMENICI. I am right here.

Mr. HOLLINGS. There he is.

This really moves me. I wish to quote this. This is from the Senate Budget Committee, February 27, 1980. I quote the distinguished chairman of the Budget Committee, the distinguished Senator from New Mexico, who agreed and joined in this statement with Senator Bellmon, the only economist who came out on target last year. We are all fussing around now about the CBO figures wrecking President Reagan's programs, that President Reagan's program is entirely too optimistic or inflationary. But Senator Bellmon came out on target last year relative to unemployment figures. So now let us see if I do not believe he is on target again with this particular problem of indexing, along with our now distinguished chairman from New Mexico:

Finally, Mr. Chairman, I would like to record my personal judgment that re-examining past indexing of Federal programs remains one of the two or three most critical budget issues facing Congress. Indexing, especially indexing of entitlement programs, perpetuates the inflationary bias of Federal spending and makes our efforts to control inflation that much more difficult.

Mr. President, I am willing to ask unanimous consent that the distinguished chairman have 5 hours to explain that. I do not want him to run out of time. I think he and the distinguished majority leader have brought discipline, but I do not want him to go up and get on TV either late tonight or tomorrow now saying what a good job we have done and then go down to the Washington Hospital Center and say: "Mr. President, you have been wounded but you have been cured. Look what we have done. We have gotten your program through."

Because rather than all that saving, we are still spending money faster than it is coming in.

Mr. President, I ask unanimous consent to have printed in the RECORD a series of arguments for reforming COLA's, a set of observations by a number of distinguished economists and others, and an editorial from the April 6 Businessweek.

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

ARGUMENTS FOR REFORMING FEDERAL COLA PRACTICES

I. THE LOSS OF BUDGET CONTROL

Failure of Congress to bring automatically indexed programs under control is an admission that it cannot put its own house in order. Congress will destroy both the credibility of the budget process and its own ability to control Federal spending.

In little more than 10 years, Congress has lost control of nearly ⅓ of Federal budget outlays through indexing. In 1970, outlays for explicitly indexed programs accounted for only 3 percent of the budget. By 1975, this amount had grown to 25 percent, and today it is over 30 percent. This figure will continue to increase over the next several years even if no other programs are indexed.

Congress must review the cost of automatically indexed programs if it is ever going to balance the budget. FY 1982 COLA increases alone will exceed $22 billion. Over the period FY 82–86, COLA costs will exceed $272 billion. Control of these programs is essential to budget control and reducing inflation.

Sound fiscal management requires control of entitlement programs in general and control of those that are automatically indexed in particular. Without such restraint, the allocation of a large percentage of scarce resources will continue to take place automatically, without explicit consideration of conflicting policy goals and priorities by the Congress or the President.

Large automatic increases in indexed outlays pose significant problems for economic stabilization policy. These increases are greatest in times of rapid inflation, adding to spending at a time when fiscal restraint is normally called for to slow growth in aggregate demand and combat inflationary expectations. Control and restraint must be exercized to prevent this.

II. INADEQUACY OF THE CPI AS A METHOD OF INDEXING

Using the CPI fully protects retirees from the impact of inflation while workers, who are supporting the federal retirement programs, are doing worse. Over the last three years, retirees were overcompensated relative to workers by 8.6 percent at a cost to the treasury of $15 billion.

The CPI overstates the costs of homeownership by ignoring the investment value of a home and by overstating the impact of high mortgage rates. Over the past four years, the CPI overstated inflation due to this hous-

ing component by 5.2 percent at a cost to the treasury of $10 billion.

The upward bias in the CPI due to homeownership results in volatile movements in the index that distort Federal expenditures and add to inflationary pressures. For example, during the first half of 1980 the CPI showed an increase in homeownership costs of 25 percent. The precipitous decline in interests in June of that year then resulted in an increase of only 2 percent over the next four months.

The CPI uses a fixed and out of date "market basket" for its base. CPI is calculated on a "market basket" of goods constructed eight years ago. In addition, a fixed "market basket" can significantly overstate the true cost of living. This happens because consumers, by purchasing less of those goods that have become expensive and more of those that have become cheaper, can and do achieve satisfaction equal to that of the original "market basket."

A policy of fiscal restraint necessary to reduce the rate of inflation should not be weakened by an unnecessarily liberal indexation procedure which could cause budget outlays to expand faster than taxable income.

Beneficiaries of Federal programs should help to absorb part of the decline in the standard of living—when prices rise faster than wages, only those working now experience a decline in the standard of living since beneficiaries of Federal programs are fully compensated.

III. ARGUMENTS FOR LIMITING COLA INCREASES TO THE LESSER OF THE CPI OR WAGE INDEX

Limiting COLA increases to the lesser of the CPI or the wage index would save $2.6 billion in FY 82 and $17.0 billion over the period FY 81–86.

Limiting COLA increases to the lesser of the CPI or wage index would restore equity to the working man. Currently, those who work, pay taxes, and support the retirement system are losing against inflation while the retiree is fully protected.

Limiting COLA increases will do much to restore the solvency of the Social Security, Civil Service, and Railroad Retirement trust funds. It is estimated that Social Security will run out of cash to pay benefits in 1982. The Civil Service trust fund currently has an unfunded liability of $166 billion and by 1986 it will exceed $244 billion. The railroad industry pension fund will be insolvent by 1984 or 1985.

Federal COLA provisions are the most generous in the nation. No private pension plans are automatically adjusted twice a year. Only 4 to 8 percent of private plans are adjusted automatically for inflation and generally not for the full amount. Nearly 40 percent of private pension plans have no COLA provision at all.

Beneficiaries of Federal programs should help to absorb part of the decline in the standard of living—when prices rise faster than wages only those working now experience a decline in the standard of living since beneficiaries of Federal programs are fully compensated.

There has been a tendency to regulate in recent years to achieve social objectives such as clean air, worker safety, etc. These costs are paid in higher prices for which beneficiaries of Federal programs are fully compensated while persons who are working are not.

STATEMENTS ON THE NECESSITY OF REVISING FEDERAL COLA PRACTICES

"I would definitely advocate a change in the social security law under which adjustments for inflation would no longer be as reckless as they are under current law. . . . Social security recipients during the past 5 years have received a larger percentage increase in their benefits than have people working for wages and salaries. . . . Therefore, I think we need to adjust social security legislation one way or another so that social security recipients are no longer what they have become—a privileged class, being treated better than our working people."—Dr. Arthur Burns, Senate Budget Committee, January 21, 1981.

"It is widely agreed that without restraint in the growth of Federal expenditures it will not be possible to end inflation. . . . There is little prospect for achieving this restraint without some check on the programs which are indexed. . . . Under current inflationary conditions, it is necessary for all groups in society to share the burden of bringing inflation under control. . . . Does the Congress really intend that the people receiving these benefits are to be fully protected from the rising price of oil when this protection cannot be provided to most Americans."—Elmer Staats, Committee on Appropriations, January 29, 1981.

"The task force further recommends that benefits for current recipients, which increase automatically along with the consumer price index, be boosted by the increase in prices or wages, whichever is lower."—President Reagan's Social Security Task Force, as reported in the National Journal, November 29, 1980.

"A direct attack should be made on the problems of indexing in Federal programs. . . . It seems to me only proper that most beneficiaries of indexed programs should have to share—along with wage earners—when the Nation suffers a loss of national income. . . . I see no reason why either workers or general taxpayers should pay additional taxes in order to support a windfall for program beneficiaries, and to insulate them from sharing a national income loss."—Charles Schultze, House Budget Committee, March 10, 1981.

"In my view, unless indexing is directly attacked within the scope of budget reductions, there is a potential for continued explosive growth in Federal expenditures in the years ahead . . . several of the indexed programs which are part of the so-called "safety net" provide substantial benefits to those who are not poor. . . . Thus, I would target more of the cuts to the indexed programs, by changing the formulas for indexing, and less in some of the programs which have thus far been designated for budget cuts."—Dr. Lawrence Chimerine, Chairman and Chief Economist, Chase Econometrics, House Budget Committee, March 17, 1981.

"Between 1971, and 1980, the average real social security benefits paid to retired workers rose more than 30 percent. The average real wage in private employment, however, fell by 10 percent before tax and even more after tax. . . . That increase, which caused benefits to depart from the long established relation to earnings, was not the carefully considered choice of Congress but an election year gambit of Ways and Means Chairman Wilbur Mills, who momentarily saw himself as a presidential aspirant."—Dr. Martin Feldstein, President, National Bureau of Economic Research, Wall Street Journal, February 2, 1981.

"The monthly cash social security benefits should be indexed to the lower of the changes in the consumer price index or the already existing wage index. . . . It is unfair that social security beneficiaries are better protected against price increases than workers."—Rita Ricardo-Campbell, Hoover Institution and Social Security Advisor to President Reagan, Wall Street Journal, March 5, 1981.

"The indexation of pensions in force should not, over a long period of time, put retirees in a better position than active workers. . . . If the indexing factor results in benefits rising more rapidly than net take home pay of active workers over a period of several years, this is an inequitable situation. . . . Remedial action should be taken, such as capping indexing factors or having them be the lower of price increases or wage increases."—Robert J. Myers, National Commission on Social Security, Senate Budget Committee, February 27, 1980.

"Finally, Mr. Chairman, I would like to record my personal judgment that re-examining past indexing of Federal programs remains one of the two or three most critical budget issues facing Congress. Indexing, especially indexing of entitlement programs, perpetuates the inflationary bias of Federal spending and makes our efforts to control inflation that much more difficult."—Senators Domenici and Bellmon, Opening Statement, Senate Budget Committee, February 27, 1980.

[From Business Week, Apr. 6, 1981]

STOPPING ESCALATION

President Reagan and his advisers apparently do not yet understand just how important it is to check the continuing escalation of Social Security benefits before the whole system comes to pieces. Early in March the Senate Budget Committee was prepared to change the present system of adjusting benefits in step with the consumer price index, which tends to overstate inflation. The President personally quashed the move—on the grounds that he had promised during the campaign not to change the indexation of benefits. In doing so, he made a serious mistake.

The President will get another chance, however, when the budget reconciliation bill comes up for vote in the Senate. Senator Ernest F. Hollings (D–S.C.) will propose an amendment limiting the cost-of-living adjustment in benefits to the increase in the CPI or the rise in average wages, whichever is less. The same limit would apply to federal retirement pay, which now increases in step with the CPI.

There is strong support for the Hollings proposal on both sides of the aisle in Congress. And there should be. Social Security benefits are, in effect, a transfer from workers to their elders. There can be no excuse for letting the income of retirees rise faster than the incomes of the workers who support them.

As a matter of simple equity, the Hollings approach should be adopted. As a matter of practical management, it has to be put into effect fast. The trust fund that backs up payments under the Old Age & Survivors Insurance system is close to the vanishing point. Unless the load on it is reduced, massive infusions of new money will have to be made, and much that is good about the present system—the link between benefits and contributions for instance—will be destroyed.

Mr. HOLLINGS. Mr. President, I yield to my distinguished chairman.

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

Mr. DOMENICI. Mr. President, obviously the Senator has done a marvelous job. Perhaps it would best be said that I am his secret, silent, unrecorded cosponsor. Is that adequate?

Mr. HOLLINGS. Except for a wounded President, the Senator would be a cosponsor. I say that in all candor. He and I both know that.

Mr. DOMENICI. Mr. President, I think the Senate should know that the President of the United States did not ask us in his first significant series of cuts to include adjustments in the cost of living for pensions that the Federal Government has control over. I think the Senate should know that subsequent

thereto and before we completed markup on this reconciliation we met with him to discuss the issue once again. The President indicated to us that he was fully aware of the arguments on the issue of the Consumer Price Index and whether or not it was overcompensating in terms of real inflation, but he asked us not to consider it at this time, and I stress "at this time."

I know that the distinguished minority manager of this bill, who I greatly respect, was active as chairman before me in trying to bring fiscal restraint and he will respond that there is not a better time than now. But the President has asked us to get this first package through, see if it does not begin to have a real reaction in the American economy affecting both interest rates and inflation.

It is obvious that if we have a real positive effect in bringing interest rates down and inflation rates down and if that can be done rather quickly, then I think the good Senator would agree to the extent that that occurs that disparity that he is attempting to correct gets less, and if we can do this quickly the disparity will not cost in the outyears the many billions of dollars that have been projected.

So I am here today to ask the Senate to understand that budgeting is an evolving thing. We will have a first resolution very soon. It will be debated on the Senate floor and hopefully my good friend from South Carolina and I can take this reconciliation number and put it right in in each function. Assume it is done. We will not have the big job of squeezing each of those functions because we will have done that here in the last 5 days. I think some Senators feel that we should bring this cost of living up when we set the target there. That may be the case, but for now I think we should move along as we have, get the President's package completed, get the Senate committees to work on the law, get our first resolution and get into conference as soon as possible with the House of Representatives, and see if within a year or so we have not brought inflation and interest rates down substantially. If that is the case, the outyear savings attributable to the disparity in the CPI will be maintained and we will have an opportunity to look at it again in due course.

I say to Senator HOLLINGS that I have not changed my views. I want him to know that he has made a superb argument. The cost of living index and the entitlements, all of them together, are one of the most serious budgetary problems this Congress has, but let us not forget, and I do not address this to the Senator, but we are taking a pretty big bite here in the Chamber when we pass this resolution. We will cut 38 or so billion dollars. That is almost half the increase in the budget proposed for 1982. That is significant. That is historic when we consider we have been growing at the rate of 16 full percent a year for the last 4 years.

So I urge that the Senate reject the amendment. Hopefully inflation will be reduced and its necessity will be reduced also in terms of the sense of urgency, but if not, we certainly will have a chance shortly again to consider it.

I compliment the Senator not only for his presentation today but in committee. He did a marvelous job of explaining this and setting it right where it should be objectively and with all the expertise he could muster in quoting from those distinguished Americans who are as worried as he is about inflation and overbudgeting in this country.

Mr. HOLLINGS. Mr. President, I shall not press my distinguished chairman. I understand. There is a tide, though, in the affairs of men that leads on to fortune.

I believe that President Reagan has not only done the right thing and courageous thing in putting the attention of this country on the economic and fiscal problems that we have but I think he has a stronger mandate and stronger support than any of us ever expected which I welcome.

I think that necessarily, as the art of government is the art of the possible, we cannot bite off too much and I think initially perhaps he felt that way.

But we are seeing progress being made, although on the House side when we started they talked about October. I even heard Senators on the other side of the aisle talking about we ought to be good to get the Reagan program through by October, and over on the other side of the Capitol they spoke about $20 to $25 billion and now they are up to $40 billion, and they have come from October up to June. We are making good progress and we do not want to ruin that in any fashion, but we do not want to miss this particular opportunity.

I take it we will not be passing another reconciliation resolution in the next several years. That would be an inordinate kind of procedure. It is a rare tool and it should be used rarely, and I hope we will not come back.

So the only time we can get it in one locked fashion where it will encompass all the programs with limited debate but adequate debate over on the Senate side is right now.

It is the most insidious, treacherous provision we have in all of budgeteering. Here we come through, and under the leadership of the distinguished Senator from New Mexico, he really has established not only a discipline but a credibility for the Budget Committee and the budget process in a national Congress, and I do not want it to be like an example I will give.

There was a slogan once with an insurance company that was in difficulty down there. Then they reorganized and brought out the new company, and they wanted a new slogan for Capital Life. One of the suggestions was that Capital Life will surely pay if the small print on the back does not take it away.

What we are saying is this reconciliation bill will take care of all the programs if the small print does not take it away.

We are judicious. Members urge how much for veterans, how much for job training, how much for health care, and how much for women's, infants', and children's feeding, and how much all the programs are and how much we need for national defense.

This goes right in under civil service and everything else, an inordinate COLA adjustment right there, the military retirees also. The distinguished Senator from Texas, our chairman of the Committee on Armed Services, Mr. TOWER, is supportive of the twice-a-year COLA adjustment. It goes into all particular programs and it mushrooms them up beyond recognition and beyond management.

We say it is controlled, and then we are granted the golden opportunity, which I believe to be right now, and we fail to control, and I hate to see this opportunity slip.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. QUAYLE. I yield to the distinguished Senator from Washington 2 minutes.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I would like to congratulate the Senator from South Carolina on his wisdom, on his courage, and on his eloquence at being willing to take on a very difficult task but one which I am convinced is absolutely necessary if we are ultimately to gain control over the Federal budget.

We have not yet significantly approached the challenge of numerous entitlement programs which have led the way to a constantly increasing share of the Federal Government, being a constantly increasing share of the income of the United States being used by the Federal Government.

I do not believe this proposal is likely to pass or to be accepted by this body here this afternoon, but I do think the Senator from South Carolina points his way toward the future in stating that this is a fair proposal in that it does not treat people who are beneficiaries of social security in a way less favorable than it does those who are working for a living. He emphasizes the fact that those who are its beneficiaries will also be the beneficiaries of the cure of the ill of inflation from which we have been suffering so long.

I am convinced when it is explained to them appropriately they, like other Americans, will be willing to accept their share of the problems which we face in the future.

I believe the Senator has begun to lead us on a right course, and that sooner or later, and I hope for the good of the United States sooner, this proposal will be accepted.

The PRESIDING OFFICER. Who yields time?

Mr. QUAYLE. I yield 2 minutes to the distinguished Senator from Idaho.

Mr. SYMMS. I thank the Senator from Indiana for yielding.

I share the point of view that was just expressed by my colleague from the State of Washington. I congratulate the Senator from South Carolina for offering this amendment to this body today.

As we live our time through this life and we face these moments of opportunity, I think this is one opportunity we have to seize the initiative and to see that the risks of inflation are shared equally by all groups in the country.

The Senator from South Carolina probably does not go far enough. It is only a modest $17 billion over a 6-year period, I believe, which is correct, and it probably should go even further. But at least it starts us in the position of recognizing that we are constantly ratcheting everything upward and constantly trying to say there is one group or a special group that will not have to bear any of the burden of inflation.

A great part of the President's economic program is based on the fact of the anticipation of declining expectations in the future of inflation, and this amendment that the Senator from South Carolina proposes would be a signal to all people in the country, to all the financial institutions, to the young and old alike, that the Congress of the United States—the Senate in particular—is very serious about stopping the continuation of the flat currency standard we have been on.

I think that is why it is so essential. It may not pass today, but I hope it does pass, because it will be a signal that the election in 1980 was not something to be taken lightly; that the American people definitely want a systematic change in what we are going to expect from the Federal Government.

We are not talking about taking anything away from any senior citizen. We are talking about holding down the level of the increase. As I say, it may not be enough, but it is a start in the right direction.

I intend to support the Senator's amendment, and I hope all Senators will support his amendment, because I think in the long range this amendment will be proven to be in the best interests of the senior citizenry retired community in the United States because it will help lessen the anticipation of inflation, bring down interest rates, bring more stability to our financial markets, bring more stability to the future of what people can expect, and make it so that we can actually live on the dollars we save today so we can live on them tomorrow.

I thank the Senator and I yield back the remainder of my time.

Mr. HOLLINGS. Mr. President, I thank the distinguished Senator from Idaho. He has made an outstanding statement, a very cogent statement about the amendment itself. It is a slight step in the right direction.

I also thank my distinguished colleague from Washington (Mr. GORTON)

I also ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. QUAYLE. I yield as much time as the Senator from Kansas would like.

Mr. DOLE. I am not going to vote for the amendment, but I want to commend the distinguished Senator from South Carolina. I would just say, as chairman of the Committee on Finance, it may be an option we may have to consider. But I am reminded of a breakfast meeting we had one morning which the President attended and where he indicated he would oppose this because of certain statements made during the campaign.

But defeating this amendment will not preclude the Committee on Finance from considering this or other matters. This Senator, for one, thinks we are going to have to face up to some of the difficult decisions, and while I applaud the Senator from South Carolina for raising it, I will vote against it. But I hope when push comes to shove, which is not going to be very long, that we keep this amendment in mind.

The PRESIDING OFFICER. Who yields time?

Mr. QUAYLE. I yield myself 2 minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. QUAYLE. I, too, rise in support of the Senator from South Carolina's amendment. I supported him in the Budget Committee and I intend to do so on the floor.

I thought his statement was eloquent and to the point. I enjoyed listening to the historical analysis of why we got into this particular situation in which we are right now.

He went back and started with Truman, went through Eisenhower, and the Great Frontier and the Great Society, and Nixon and revenue sharing and Carter and Ford, and now President Reagan, and during those years I am sure the Senator from South Carolina will recall Republicans talking a lot about a thing called the "silent majority."

Well, I would just tell the Senator from South Carolina that I am fairly certain that there is a silent majority of Senators that support his amendment before us but are not really quite ready to come forward and vote for it; that there is, indeed, a silent majority. People say, "Yes, Senator HOLLINGS is on the right track. We have got to do something, but now is not the right time."

Well, if it is not the right time now, when will it be? Probably never, if we do not get on with the program of dealing with the indexing problem.

I was heartened to see the House of Representatives, in a subcommittee of the Ways and Means Committee, do something about indexing. They talked about deferring it until October 3. At least it is on the right road. It shows a little bit of progress; a little bit of sensitivity.

But, as far as an observation, Mr. President, we heard the argument that we cannot do it because of campaign promises; that this is an exercise in futility; and that everybody knows this is going to fail.

I am sort of surprised that not more Senators are here and participating in probably the most important amendment that has come to this floor on this budget reconciliation package. As far as I am concerned, it is the most important amendment. It is the most substantive amendment. It deals with an entitlement program that everybody talks about dealing with—to get in and do something about the entitlement program. But when push comes to shove, and when we get around to doing something about it, there is only talk, not votes.

But I want to tell the Senator that he has a silent majority. We had a silent majority in the early seventies. We finally got a majority in the 1980's—a real majority. So I hope, in due time, that the silent majority that supports the Senator from South Carolina in his proposal will still emerge as a real majority.

Mr. SYMMS. Will the Senator yield?

Mr. QUAYLE. I am happy to yield to the distinguished Senator from Idaho.

Mr. SYMMS. Mr. President, I would like to make the point that in the committee the distinguished Senator from Indiana made the point of where we find the safety net to see that Ronald Reagan's economic package will work.

I think the Senator from South Carolina is offering the President an opportunity to guarantee the success of his economic proposals to put this country back on the road to economic recovery, because this amendment would signal, I say again, that this Congress means business; that we are willing to bite the bullet.

It will not be detrimental to any group of people in the country. It will not deny any access or opportunity to their retirement. If anything, it will guarantee them a guarantee of a retirement pension that will pay for something, that will buy something in the future, because it signals that we have gone far enough, we have reached the breaking point and we are not going to just automatically try to exclude one group from our society from the ravages of inflation that have been caused right here in this Capitol by spending money that we did not have and printing money and inflating the currency which brings about the rise in prices that so badly hurts all of us in this country.

I think the Senator from Indiana made the point very well in committee one day. Where do we find the safety net? Where do you look? The Defense Department? Do you look in the appropriated fund?

There is only one place to look—the entitlement programs, and the sooner the better that we get on with it.

Again, I hope that this amendment will pass and we get a pleasant surprise.

Mr. QUAYLE. Mr. President, I do not think we are going to be surprised. Not many Senators are here to even partake in really the most important amendment that has been offered so far. You talk about history and historical movement, as the Senator from Idaho pointed out how important this is. This is the amendment.

I am glad to support the Senator from South Carolina. I hope he has a great deal of support, more than I think. Maybe a little bit of that silent majority that I am talking about out here might actually vote for this amendment. I sort of doubt it.

I imagine we might get in the teens somewhere, a double figure.

Indiana University played basketball the other day. A lot of teams tried to keep them down below the double figures. North Carolina came within 13 points—although I know the Senator is from South Carolina. We will probably get about that many votes on this amendment.

Mr. GRASSLEY. Will the Senator from Indiana yield?

Mr. QUAYLE. I am glad to yield.

Mr. GRASSLEY. Mr. President, I rise, admittedly, in opposition to the amendment, but also to raise a point concerning the timing of this proposal.

I know that it is easy to point out, even in fun, that everybody wants to put off to the future a critical issue, rather than face it in the present.

But, legitimacy for putting off this issue is due to the inordinate impact that the interest rate has on the cost-of-living increases.

In the last 18 to 24 months, we have had a rapid increase in the interest rates and, hence, that inordinate impact. So now we make a decision that we are going to cut down on the cost of living because of high interest rates.

The first question to be resolved is whether we have faith that the Reagan program is going to work. If the President's economic program works, then we will have a lower interest rate and less of an impact.

Second, let us assume that the Hollings amendment will be adopted. Then we will have a lower cost-of-living increase to compensate for high interest rates. Then, let us suppose that the Reagan program works. A year or so from now we will find out that, because interest rates are lower, senior citizens would not receive any cost-of-living adjustment in benefits. Then, we will have to, at some future date, face the prospect of raising the adjustment mechanism. We ought to not overreact to a 1- or 2-year increase in interest rates.

We ought to find out if the Reagan program is going to work. If it is, then that overcompensation taking place now is going to be compensated for down the road.

Most importantly, if we do not adjust the COLA mechanism now and, over the long term, it balances out, then we will have fewer questions in the minds of senior citizens as to whether their benefits are secured. For the last 7 or 8 years they have known what to expect. They can expect what the formula allows them to get each July 1. It seems to me that we are adding a measure of unnecessary uncertainty to senior citizens with respect to what financial resources they will have available.

Inflation impacts more severely on senior citizens than any other group in this country. We are going to add to that burden if we act precipitously. So let us wait and see.

Let me add a final point that I made in the committee. This entire subject ought to be considered as we deal with the question of what to do to restore the integrity and viability of the social security trust funds. Cost-of-living adjustments are a major cost to that fund. We ought to consider, at the time of our discussion, what to do with COLA. These moneys are supposed to come directly from the social security trust funds, not from general revenues. That is why I ask that we vote this amendment down.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the principal impact of inflation in this country is not upon the senior citizens. The principal impact of inflation in this country is on the people who are paying the bills—the taxpayers.

Mr. President, I want to thank the distinguished Senator from Indiana and the Senator from Idaho for their analysis of the problem and for the eloquent statement by the Senator from Indiana about the silent majority.

We should go one step further—and I know the fourth estate will take it in good stead. They have possession of the ball, and I never try to play one-upmanship with the newspapers or the media. But why are they silent?

They are silent because of the age of symbolism in which we live.

I remember during the last session when we had the food stamp amendment concerning college students. The Senator from Oklahoma, Senator Bellmon, and I put it through. But in the meantime we had Jesse Jackson and others fill my entire office until I explained it did not impact on them but on college students. But the symbol said that "Hollings is against food stamps, against feeding the hungry."

I had a chance, thank Heaven, to explain it and, once explained, we were able to eliminate the unneedy students. But the symbolism, the headlines, the media allocation of getting stories into 30-second shorts, mandates that they all stay silent.

What will the headlines say when we have this? Let us have truth in reporting. Truth in reporting would say that the taxpayers' savings have been cut. When we lose this, that is what happens. Their savings have been cut. Not the social security benefits. They are going to get a cost of living. We have not cut the benefits.

Or would the headlines say "Workers' earnings have been cut"?

The workers are the ones who are paying for this. We have outlined that, but that is not the way you write a newsstory. The newsstory and the headline will say on the one hand "Social security benefits are cut" if we succeed, or "Move to cut social security benefits defeated."

People just read the headlines. And then, why would a fellow who has enough sense to get to the United States Senate argue with that headline? We have enough problems up here. You only have 30 seconds, so how do you explain cost-of-living adjustments with its overcompensated home mortgage in the 30-second short? If you can do it, you are a genius. Or if you are running for public office and your opponent gets up and gives a page number and runs an ad, then try to explain it in half a minute.

That is why the majority is silent and that is why they do not vote. And they will not until it permeates the public's attention—an understanding of what is really going on on the part of social security and other retirement programs.

They do not want to be treated like welfare recipients. They pay into the fund. They are workers. They have earned their social security benefits. In fact, they characterize it as a trust fund and they do not want politicians monkeying with it. They want to be able to rely on it.

What destroys the credibility of that fund is we moved in, in 1972, with the 20-percent increase and made it political, and then put in the cost-of-living adjustments, which has only been in, as I indicated, for the past 6 years. So we began treating it politically by giving them benefits, and who is going to complain about that? Not the recipient. So he comes to expect them.

But if he understands that his benefits and his participation are going to be measured in an equitable fashion with the rest of America, workers, taxpayers, and the like, I think they will appreciate it. They would like to have the stability. They would like to get it aside from election politics and promises and excessive compensation.

But the Senator is right, that there is a silent majority. I hope we can, by this alone, at least educate enough to come around to the justice of the system and therein build credibility in us.

There are really no benefits in being on the Budget Committee. You cannot win any votes. You learn a lot about your Government and financing. And at least you ought to have the inner satisfaction and the clearness of conscience to realize that you have done an honest job.

We cannot maintain our credibility as long as we keep talking about uncontrollables and do not control that which can be controlled; namely, the COLA index in this budget process. The time is now and I am convinced we can get the support on the other side if we had the movement at this particular time by the administration. However, I understand those requirements.

I do appreciate the support that Senators on the other side of the aisle have given this particular amendment and I hope we can have it spread over the years.

I thank my colleagues for their attention. I am willing to yield back the remainder of my time.

Mr. HART. Mr. President, I opposed the Hollings amendment to change the way social security and other benefits are indexed, but I believe we must continue to study ways to make indexation

of such benefits more fair and economically realistic.

At some point soon, Congress must address the rapidly increasing cost to the Federal budget of entitlement programs as they are presently indexed. But first the administration has a responsibility to inform Congress of its own proposals on this issue. The Hollings proposal was not a part of the President's economic package, and the effect such a proposal would have on the average beneficiary is unclear. Congress must consider reforms of present indexing measures in the near future if we are to achieve the goal of a balanced budget. But we should first have the benefits of knowing the administration's position.

Mr. HOLLINGS. I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Indiana yield back the remainder of his time?

Mr. QUAYLE. I do, Mr. President.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from South Carolina. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CRANSTON. I announce that the Senator from West Virginia (Mr. RANDOLPH) and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "nay."

The PRESIDING OFFICER (Mr. KASTEN). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 12, nays 86, as follows:

[Rollcall Vote No. 63 Leg.]

YEAS—12

Gorton	Humphrey	Nunn
Helms	Kasten	Quayle
Hollings	McClure	Rudman
Huddleston	Nickles	Symms

NAYS—86

Abdnor	Durenberger	Mattingly
Andrews	Eagleton	Melcher
Armstrong	East	Metzenbaum
Baker	Exon	Mitchell
Baucus	Ford	Moynihan
Bentsen	Garn	Murkowski
Biden	Glenn	Packwood
Boren	Goldwater	Pell
Boschwitz	Grassley	Percy
Bradley	Hart	Pressler
Bumpers	Hatch	Proxmire
Burdick	Hatfield	Pryor
Byrd, Harry F., Jr.	Hawkins	Riegle
	Hayakawa	Roth
Byrd, Robert C.	Heflin	Sarbanes
Cannon	Heinz	Sasser
Chafee	Inouye	Schmitt
Chiles	Jackson	Simpson
Cochran	Jepsen	Specter
Cohen	Johnston	Stafford
Cranston	Kassebaum	Stennis
D'Amato	Kennedy	Stevens
Danforth	Laxalt	Thurmond
DeConcini	Leahy	Tower
Denton	Levin	Tsongas
Dixon	Long	Wallop
Dodd	Lugar	Warner
Dole	Mathias	Weicker
Domenici	Matsunaga	Zorinsky

NOT VOTING—2

Randolph	Williams

So Mr. HOLLINGS' amendment (UP No. 40) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. QUAYLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senator is correct. The Senate is not in order.

PROGRESS REPORT

Mr. ROBERT C. BYRD. Mr. President, I take the floor at this time to inquire of the distinguished majority leader what the program is for the remainder of the day and the remainder of the week, if he can tell us.

Mr. BAKER. I thank the minority leader for his inquiry.

Mr. President, as I indicated earlier, I believe that now we are making good progress and it would be worthwhile for this Senate to remain in session tonight, to a reasonably late hour—I would estimate 10 o'clock or something shortly after that.

I still have the somewhat timid hope that we can finish tonight; and if we can, I think it would be worth our investment of a little more time. But if we cannot finish tonight at 10 o'clock or a little after 10, I would expect to go over in recess until tomorrow at 9:30 and continue in session tomorrow until we finish, or perhaps tomorrow night. I hope not.

If we can finish this resolution tonight or tomorrow, it would be my hope and expectation that we could recess over then until Monday and not be in session on Friday.

However, for the time being, I think the better part of discretion is to continue with the consideration of amendments to this resolution until late evening, until 10 o'clock or a little after that.

Mr. ROBERT C. BYRD. I thank the majority leader.

BUDGET RESOLUTION OF RECONCILIATION AND INSTRUCTIONS

The Senate continued with the consideration of Senate Concurrent Resolution 9.

UP AMENDMENT NO. 41

(Purpose: To increase the level of savings to be reported by the Senate Committee on Governmental Affairs)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI), for himself, Mr. BOREN, Mr. PRYOR, Mr. DIXON, and Mr. RIEGLE proposes an unprinted amendment numbered 41.

Mr. DECONCINI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 22, strike out lines 4 through 13, and insert the following:

"SEC. 11. The Senate Committee on Governmental Affairs shall report changes in laws to modify programs within the jurisdiction of that Committee which would reduce the costs to the Government resulting from waste, fraud, and abuse; administrative, non-defense related travel and transportation; consultant services; public affairs, public relations, public information, and Government advertising; audiovisual and film-making activities; and uncollected Federal debts. Savings in appropriations and expenditures from trust funds from such statutory changes shall be $3,900,000,000 in budget authority and $1,700,000,000 in outlays in fiscal year 1982 and $1,000,000,000 in budget authority and $2,000,000,000 in outlays in fiscal year 1983."

The PRESIDING OFFICER. The Senate is not in order. The Senate will be in order.

Mr. METZENBAUM. Mr. President, under the circumstances, I am prepared to go ahead, but I understood that the Senator from Arizona had asked if he could have a half hour. I said that I would not stand in his way, but I would not want to lose my standing on my order. If that means I would be losing my standing, then I would want to proceed prior to the Senator from Arizona.

Mr. HOLLINGS. Mr. President, I understand that the Senator from Arizona wants to go ahead. We have been trying to do it in an orderly fashion.

The distinguished Senator from Ohio was to have the next amendment, and then we were to have the three Proxmire amendments, with a time agreement. The Senator from Arizona now wants to have his time. I would be glad to have him proceed next, after the Senator from Wisconsin.

Mr. DECONCINI. Mr. President, we all have been waiting. I have been waiting a few days, too. I appreciate the Senator's effort to try to get this on the track.

How long is the Senator from Wisconsin going to take?

Mr. PROXMIRE. There are time agreements on two of my amendments.

Mr. DECONCINI. What is the time agreement?

Mr. PROXMIRE. Fifteen minutes on a side on one amendment; 10 minutes on a side on another amendment; the other would be a half hour.

Mr. DECONCINI. I inquire of the Senator from Ohio what the time agreement is on his amendment.

Mr. METZENBAUM. The Senator from Ohio is not under a time agreement, except the usual time agreement which is applicable—a 1-hour limitation, a half hour on each side. But I point out to the Senator from Arizona that under certain possibilities with respect to parliamentary procedure, it is entirely possible that that period could be extended to 2 hours.

Mr. CHILES. On the amendment of the Senator from Ohio?

Mr. METZENBAUM. That would be possible. I do not anticipate doing that. I think 1 hour would be totally adequate.

Mr. DECONCINI. How can the Senator from Ohio get more than 1 hour on an amendment?

Mr. HOLLINGS. He might have a motion under the Budget Act. I am guessing.

Mr. METZENBAUM. The Senator from South Carolina is, as usual, his discerning self.

Mr. DOMENICI addressed the Chair.

Mr. DECONCINI. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Arizona does have the floor.

Mr. DECONCINI. I do not want to obstruct and force my way in here. I just want to explain that I have an amendment that I have been attempting to get up here for some days. I ask unanimous consent that my amendment be the order of business after the Senator from Ohio, if no one objects to that.

Mr. PROXMIRE. Mr. President, I have to object to that.

Mr. DECONCINI. Then, Mr. President, I will go one step further after the amendment of the Senator from Wisconsin.

Mr. DOMENICI. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I have not called up any Republican amendments as we moved through this but I understand that Senator HELMS has an amendment. I think under the accommodation he would follow Senator METZENBAUM if he so desires after which it would be Senator METZENBAUM and then I would have no objection if the Senator from Arizona follows.

Mr. DECONCINI. Is there a time agreement on that amendment?

Mr. DOMENICI. Does Senator HELMS have some time in mind on his, or will he just take what is allowed under the act?

Mr. HELMS. Let us not enter a time agreement now. I think the Senator and I can work that out.

Mr. DOMENICI. He would prefer to leave that open under the act at this point.

We still agree that the Senator from Arizona is after that if it is all right.

The PRESIDING OFFICER. The amendment of the Senator from Arizona is the pending question at the moment.

Mr. DOMENICI. I did not hear the Chair. Will the Chair repeat that?

The PRESIDING OFFICER. The amendment of the Senator from Arizona is the pending question at the moment.

Mr. DOMENICI. How did the amendment get pending when the amendment of Senator METZENBAUM was agreed upon to be next?

Mr. CHILES. He got the floor.

The PRESIDING OFFICER. The Senator from Arizona was recognized, and the Senator from Arizona submitted the amendment and the amendment was read at the desk.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the next order of business be the Senator from Ohio and following that the Senator from Wisconsin and his amendment, then the Senator from Arizona, and then the Senator from North Carolina.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. That is all right.

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

Mr. DECONCINI. I thank the Chair.

Mr. METZENBAUM. Mr. President, I thank the Senator from Arizona.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Arizona is set aside and it will reoccur in the order that was just specified.

UP AMENDMENT NO. 42

(Purpose: To require reductions in tax expenditures)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated. The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an unprinted amendment numbered 42.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 7, line 18, strike out "and .

On page 8, line 2, strike out the period and insert a semicolon and "and".

On page 8, between lines 2 and 3, insert the following:

(C) The Senate Committee on Finance shall report changes in laws providing tax expenditures (as defined by section 3(a)(3) of the Congressional Budget and Impoundment Control Act of 1974), sufficient to reduce such tax expenditures by $100,000,000 in fiscal year 1981, $1,300,000,000 in fiscal year 1982, and $800,000,000 in fiscal year 1983.

Mr. METZENBAUM. Mr. President, the amendment that I have sent to the desk may very properly be called the tax expenditure amendment, the tax abuse amendment, the tax loophole amendment, the tax shelter amendment, or whatever name someone might find appropriate to call it. But it deals with that area.

Mr. President, may I have order in the Senate?

The PRESIDING OFFICER. The Senator is correct. The Senate is not in order.

The Senator may continue.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the time taken not be charged against me.

The PRESIDING OFFICER. Without objection, time will not be charged.

Mr. METZENBAUM. Mr. President, let me take just a few seconds to review what has happened so far during consideration of this resolution.

Last Friday we accepted an amendment to restore $200 million to the school lunch program by taking that money from the foreign aid programs. And we proudly patted ourselves on the back for restoring some funds to the school lunch program. But let us be honest about it. The amount we added back is a drop in the bucket. It was a pittance compared to the amount we cut. We cut the total amount of the school lunch program by $1.6 billion and we restored $200 million—great big deal.

The Senate refused on several votes to add funds back to the veterans' programs for medical services, even though veterans have been told to expect those services.

The Senate voted against an amendment offered by the Senator from Arkansas (Mr. PRYOR) to reduce outlays by $2 billion in fiscal year 1982 by eliminating many wasteful consultant contracts. Numerous hearings have documented the waste and abuse in this area of spending. Yet that motion was defeated.

The Senate voted against an amendment offered by the Senator from Michigan (Mr. RIEGLE), which I cosponsored to restore $800 million to the social security program and those funds would help the most needy and oldest social security recipients, those who only receive the minimum $122 social security benefit. President Reagan told Americans that basic social security benefits would not be eliminated. Surely this is a gaping hole in his so-called safety net.

In other motions we have allowed deep cuts in education, in mass transit, in the urban redevelopment program. Altogether we have cut deeply into social programs that help the poor, the working family, the middle class, the elderly.

But at the same time we have totally ignored one major issue and that is what is the full tax expenditures. We have cut human service programs but we have left intact billions of dollars in wasteful tax subsidies to the largest corporations of America and to those who are the most affluent Americans. I believe this is unfair. I believe it is inequitable. I believe it is wrong. I believe it is bad Government policy. The amendment I am offering this evening is designed to force a vote on the issue of tax expenditures. This is not the only tax expenditure that should be eliminated but it is a symbol. This particular one has to do with the commodity straddle, and commodity straddles serve absolutely no useful purpose in the economy. They do not add a single iota to the productivity of this country.

All they do is make it possible for people to play with the thing called puts and calls, and if a person has very intelligent and the best investment counselors and the best investment banking firms, they will teach him how not to pay his taxes and to kick them over into the next year. The fact is that this is but one of many special tax expenditures, special loopholes that exist in the law. We can name them.

I believe that we must eliminate these wasteful tax loopholes, special deductions, credits and exemptions. They are costing the Government billions of dollars each year.

My amendment would particularly direct the Finance Committee to eliminate an especially wasteful tax expenditure.

Now by adopting this amendment we would be able to restore funding to certain social programs, while at the same time we would not increase the deficit established by the reconciliation instructions.

By adopting this amendment, we will be saving $1.3 billion.

Mr. President, may I have order in the Senate, please?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Ohio.

Mr. METZENBAUM. When the Secretary of the Treasury was before our committee today he gave us a story about the fact that we did not have to worry about some of the tax expenditures because as he put it if we can get this tax cut through there will be much less need for tax shelters, less need for the butterfly straddle.

Mr. President, I was in business before I came here, and every Member of Congress or the Senate knows that no one likes to pay taxes.

I do not care whether the rate is 70 percent, I do not care whether the rate is 50 percent, I do not care whether the rate is 30 percent, nobody likes to pay taxes. So I challenge the premise of the Secretary of the Treasury who suggests that somehow by bringing down some taxes for the more affluent people of this country that they are not going to be willing to play the same games with commodity tax straddles.

There are so many different areas of tax expenditures that could be closed by the Committee on Finance to fund needed social programs, and yet the fact is that this administration has refused to bring up any of them, to bring any of them to our committee or to the Congress for consideration.

According to the Joint Committee on Taxation, tax expenditures result in a loss of revenues to the Treasury of $266 billion a year as of 1982, and in the next 10 years it will cost the Federal Treasury $3 trillion.

I want to make it clear that many of these tax expenditures serve legitimate national policy goals such as the mortgage interest deduction which encourages homeownership and housing construction, tax deductions for charitable contributions, and other tax expenditures.

But other tax expenditures, such as the commodity straddle, which I offer to the Senate as a symbol of the entire issue, as the precursor of a number of other amendments that I will offer should I be able to get it through, have simply outlived their original purpose, and I believe they should be eliminated.

These tax expenditures are subsidies to special interests such as the timber industry, such as the oil and gas companies, and large commercial and retail chains.

But I want to also make it clear that there is nothing in this amendment that has to do with items I just mentioned. The only thing this amendment affects has to do with the commodity straddle. There is no sound policy reason why certain wealthy interests should receive tax breaks and let the rest of the taxpayers of this country have to bear the burden, especially at a time when we are attempting to balance the budget.

As a matter of fact, even Mr. David Stockman, the head of the Office of Management and Budget, recognizes the problem. On March 12, appearing before the Budget Committee, this is what he had to say about tax expenditures:

> I think that there are some tax expenditures that are obsolete, inefficient or unjustifiable. They ought to be eliminated as a matter of good tax policy and as a matter of political equity in some general sense.

Let me list several particularly worthless tax expenditures that I believe should be eliminated. I have already mentioned the commodity straddle. That is the only one that is before the Senate this afternoon. But in the area of industrial revenue bonds, known as IRB's, a group of bonds issued by local municipalities and counties that pay interest that is exempt from Federal taxes, as a result of this special provision the IRB's are especially attractive on the bond market, and I believe they can serve as a legitimate tool for local development. But in recent years, this expensive Federal subsidy has been used indiscriminately.

According to the Congressional Budget Office, more than $7 billion in bonds were issued in 1979 compared to only $1.2 billion issued in 1975. This resulted in a direct loss to the Treasury of $300 million in 1982 alone. That is a conservative estimate because that amount escalates to a Treasury loss of $5 billion over the next 5 years.

The real shame is that a large portion of these tax subsidies are being used to build McDonald hamburger stands, Stouffer's Restaurants and Hotels, racketball clubs, tennis clubs, golf courses, and I am even informed that they have been used to build go-go parlors.

This is a serious abuse of the original purpose of the IRB's. By restricting the use of IRB's to areas of the country that are economically distressed, and by limiting them to useful bona fide industrial development, we can better target our resources, while saving the Treasury $5 billion over the next 5 years.

Regrettably, the Senate Budget Committee rejected my motion to do just that. I am gratified to learn from Treasury Secretary Regan that the administration is considering tightening up the use of IRB's. Mr. Regan today said before the Budget Committee:

> There have been some abuses, in our opinion. We will probably be making suggestions to modify IRB's.

Another area of abuse with respect to tax expenditures has to do with special capital gains treatment for the timber industry. Although this particular amendment has nothing to do with that subject, it is an indication of the kinds of tax expenditures and tax loopholes that should be closed.

Timber ownership, because of unique tax rules, offers opportunities for some taxpayers to shelter profits associated with such ownership.

Originally, the special treatment was developed to encourage development of timberland. However, in practice, 16 firms, including the Nation's largest timber and paper companies, received two-thirds of the tax payments.

I want to point out to those Members of the U.S. Senate whose constituency includes farmers of every kind, whether they are wheat farmers, whether they are corn farmers, whether they farm soybeans or cotton or peanuts or tobacco, that all other groups, all other farming in this country, pay taxes at a normal rate. The more you make the more you pay. But we have special treatment for the timber industry. We say to the timber industry:

> You need only pay taxes on 40 percent of your profits. We will treat it, the sale of timber, as a capital gain.

That little dilly saves the timber industry $665 million a year which the rest of the people in this country have to bear as a part of their tax burden.

Then you look over at the oil industry. The oil industry has a special gimmick called writing off intangible costs for oil and gas drilling. Again I want to point out that the timber item is not in this amendment and the intangible costs for oil and gas drilling are not in this amendment. But these are the kinds of things we talk about when we talk about tax expenditures.

Even though the Reagan administration has already decontrolled domestic oil prices and has announced its intention to decontrol natural gas prices, the oil and gas companies continue to receive tremendous subsidies from the Federal Government in the form of special tax breaks.

The writeoff of intangible costs for drilling, such as exploration, labor, materials, supplies, and repairs, costs the Treasury over $2 billion a year. With decontrol there is absolutely no justification to continue this special writeoff. Yet the Senate Budget Committee has refused to eliminate this exemption.

It is an interesting fact of life that I was just talking about the fact that farmers are discriminated against in favor of the timber industry. When it comes to the writeoff of intangibles, all other industries in this country are discriminated against in favor of the oil companies.

Other companies do not get this special kind of special tax writeoffs.

Then there is another item that favors the banks of this country. No other business can do this. But the banks are permitted to have an excess bad debt deduction, purely on the basis of a figure. The tax laws allow the deductions by businesses of bad debts as a cost of doing business. But banks receive special treatment under the law and are allowed, through fiscal year 1982, a special fixed rate percentage loan business deduction for bad debts, whether or not they actually have those bad debts.

The actual bad debt experience of these banks has been considerably less than their statutory exemption. If they were only allowed to deduct bad debts upon their actual experience with bad debts, they would owe more than $500 million more over the next 2 years. Again, nothing is being proposed by the administration to pick up those dollars so that we might not have to cut back on some of the programs that have to do with human concerns.

I believe that tax expenditure should be eliminated as a matter of fairness and equity. Of course, not across the board, but eliminate those that are the most gross and most unfair and most inequitable and most discriminatory against farmers and business people. Unless we eliminate these unfair tax expenditures, we leave ourselves open to the charge of favoritism toward special groups and very wealthy individuals.

Mr. President, several of my colleagues on the Budget Committee have argued that this proposal to eliminate tax expenditures is actually an effort to raise taxes. That is wrong. If we eliminate tax expenditures, we do not increase taxes for lower and middle income families, nor do we increase it for those who are in the higher brackets. We only increase taxes for those who are getting special privileges under the law today.

By eliminating the special loopholes, we save money for the Treasury. We make it possible for the Treasury to reduce the tax burden on the average taxpayer and the average business.

Mr. President, tax expenditures do, indeed, cost the Treasury substantial millions of dollars. I believe that a vote for this particular amendment indicating that we are opposed or that we are prepared to give consideration to some of the improper, some of the wrong, some of the abusive tax expenditures, and to use that money for some of the human service programs is the right kind of vote. I think it would mean that the administration and the members of the majority party are not only willing to balance the budget on the backs of the poor and middle class Americans, but are willing to cause those who have special privileges under our tax laws to pay their fair share of the burden.

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

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

Mr. DOMENICI. Mr. President, I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, what the Senator is suggesting is that we make a tax bill out of this budget bill. Mr. President, we are going to have a major tax bill before the Senate and Senators will have the opportunity of offering any amendment the mind of man can conceive, either to raise taxes or to reduce taxes. We are going to have before us what may very well be the biggest tax cut bill in the history of the country.

Under those circumstances, Mr. President, it is completely premature for us to try to make a tax bill out of this budget bill. Accordingly, Mr. President, I make the point of order that this amendment is not germane to the bill.

Mr. METZENBAUM. Mr. President, I believe the Senator's point of order is premature.

The PRESIDING OFFICER. The Chair would inform the Senator from Louisiana that a point of order is not in order at this time.

Mr. LONG. Mr. President, the reorganization law says that an amendment that is not germane will not be received.

Mr. METZENBAUM. But it also says it is not in order until time for debate on the amendment has expired.

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

The point of order would be in order after the time for debate on the amendment has expired.

Mr. LONG. Mr. President, might I just discuss it? We have before us an amendment which, under the law, is an amendment that is not to be received. Therefore, I make the point of order that this amendment is out of order. It should not have been received and there is nothing to debate.

The PRESIDING OFFICER. The Chair is of the opinion that the point of order may or may not be correct. It looks as if it might be correct. But the language "shall not be received" is standard language used by the Senate in unanimous-consent agreements which impose germaneness on amendments. Under the precedents of the Senate, it has been held uniformly that, under those circumstances, a point of order against an amendment on the ground that it is not germane may not be made until the time of the amendment has expired.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield whatever time the Senator from Kansas desires.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. METZENBAUM. Mr. President, may I make a parliamentary inquiry?

The PRESIDING OFFICER. The Senator from Kansas has the floor.

Mr. METZENBAUM. Mr. President, will the Senator from Kansas yield?

Mr. DOLE. Yes.

Mr. METZENBAUM Mr. President, a parliamentary inquiry. On whose time was the Senator from Louisiana speaking?

The PRESIDING OFFICER. The Senator from Louisiana was speaking on the time of the Senator from New Mexico.

Mr. METZENBAUM. Mr. President, I thank the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, no one can accuse the Senator from Ohio of not being persistent. In the Budget Committee markup of the reconciliation resolution he insisted that so-called tax expenditures could be eliminated as an appropriate alternative to some of the spending cuts we are considering. Today, although his suggestion was rejected in the Budget Committee by a vote of 12 to 7, Senator METZENBAUM is urging the full Senate to accept the same notion. With all respect to the Senator, it is not a good notion, nor is it germane to this resolution.

TAX EXPENDITURES

Mr. President, we could spend the next several months here debating the question of what constitutes a tax expenditure and the question of whether tax expenditures are the functional equivalent of spending programs. I believe they are not at all the same, but that really is not the issue. The issue is whether we have the will to bring both spending and taxes under control. Whenever a particular tax credit, deduction, or other special provision is eliminated, the result is an increase in the total tax burden. And as we all know, increasing the tax burden—or allowing it to increase automatically due to inflation—is a very popular way of avoiding the problem of Federal spending that is out of control. Some of us believe that the American people have sent a clear message: Reduce spending and reduce taxes, and interfere less in our daily affairs. Tax increases do not fit into that picture at all, and they are not appropriate to our economic circumstances.

There are, of course, many problems in the area of tax policy that need to be addressed. But those matters must be distinguished from the problems of budget policy and the growth of Federal spending which we are addressing today. Unless spending is firmly controlled, and each spending program reexamined to determine whether it continues to meet a vital need in an efficient manner, whatever changes we make in tax policy will be insufficient to deal with the deep-rooted problems of our economy.

TAX POLICY PROCESS

There is no question that at an appropriate time we should all review special incentives in the Internal Revenue Code to assess their relative merits. But that exercise should be undertaken, not for purposes of budgeting, but in order to weigh the policy behind each tax incentive against other forms of tax reduction. If we proceed to act hastily on a few tax provisions, we will shortcut the normal procedures of the taxwriting committees in determining an appropriate level of revenues and how to arrive at that level. We should not prejudge the matter by trying to trade off so-called tax expenditures in order to allow a higher level of spending. When we do look at areas of alleged tax abuse in the Finance Committee, I hope that we can consider changes—and I may agree with the Senator from Ohio on some of the changes that should be made—that will allow for further tax reductions, not for higher spending levels.

TWO SIDES OF THE LEDGER

Mr. President, it is simply unwise to confuse the two sides of the ledger: spending and revenues. I say that because an important principle is involved here. To equate so-called tax expenditures with spending programs implies that the revenues generated by the hard work of the American people inherently belong to the Government. If you accept that idea then you can feel comfortable with the notion that foregoing revenues in a particular area for a particular purpose constitutes an expenditure of those revenues. I am not at all comfortable with that idea. It contradicts the tradition of free enterprise and individual effort that has generated the wealth we do have to share. It also typifies the way this Congress has, too often in the past, underestimated the creativity and imagination of the American

people. These, too, are good reasons for rejecting the amendment proposed by the Senator from Ohio.

Mr. President, I do not think there is any reason to debate this amendment further. It was rejected in the Budget Committee, and it is not a good notion for the reasons pointed out by the Senator from Louisiana, nor is it germane to this resolution. I think the point of order will lie.

We could spend the next several months here debating tax policy and what is or is not a tax expenditure. We will have at least one tax bill this year and, according to some, maybe two. I doubt that. But there will be all kinds of opportunities for tax expenditure debate.

There are a number of areas. Some may want to tax social security benefits or unemployment compensation. They are excluded from taxation. There are a number of areas the Senator from Ohio is interested in. Maybe those are some. But I think that most Senators would like to get on with the germane amendments, so I will not take any more time.

Mr. DOMENICI. Mr. President, I yield myself 1 minute.

Mr. President, this amendment is not germane. The Senator from Ohio knows it is not germane. He offered it even though he knows it is not germane.

We will be here an hour because the Senator from Ohio wants to talk about tax expenditures that are not germane to the issue. The issue was brought before the Budget Committee. The Senator knows that. The Budget Committee decided there would be no discussion of taxes in this resolution. And we have been eminently careful. There are no discussions of taxes.

The Senator knows that in the first budget resolution we cannot escape discussing taxes. He can talk about his butterfly straddle and whatever else he wants to talk about.

All we can do is offer a cumulative figure to the Senate of the United States for tax receipts for the years 1982, 1983, and 1984. We cannot talk about items.

He can debate those as part of assumptions. But he full well knows that this is a resolution cutting outlays and budget authority direct, indirect, and entitlement, and contains nothing whatsoever about taxes.

Therefore, this Senator or some Senator will raise the point of order as soon as the Senator has used up his time so we can get on with the matters that are before the Senate.

I know the Senator will say that all matters are before the Senate; that you are hurting the poor and he would help the poor and if we would allow his kind amendment here we would be on the backs of the rich instead of the backs of the poor.

He knows full well that is part of the rhetoric that is part of whatever he is working up to over the next 7 or 8 months. Perhaps he is running. I do not know what it is. But it does not have anything to do with cutting outlays, direct expenditures, entitlements, and authorizations that yield to them.

Having said that, I do not intend to debate the substance of this amendment. It belongs in the Finance Committee. It does not belong in our committee. We have a superb working relationship with that committee and we are not going to get involved with dictating to them. We cannot tell them what to do anyway. All we can do is set a lump-sum tax figure. Having said that, I hope our side will not use a lot of time so that we will not waste more time of the Senate by answering what is obviously not germane. It is relevant to the overall economics but has nothing whatsoever to do with what is before the Senate.

I yield back the remainder of my time.

Mr. METZENBAUM. Mr. President, I yield 5 minutes to the Senator from New York.

Mr. MOYNIHAN. I thank my distinguished friend for giving me the opportunity to speak at this point.

The legislation about which the distinguished chairman was speaking is S. 626, Mr. President, a bill I introduced on the 5th of March, entitled the Commodity Straddles Tax Act of 1981.

The distinguished Senator from Ohio and I have talked about this matter more than once because, we know the Senator from New Mexico has a point about the exact pertinence to this measure of our present proposal, although he makes the point that it would not be an ordinary tax. When we came to consider the very large reduction in programs under this resolution Senator METZENBAUM and I offered the proposal to the Budget Committee that we include in our instructions to the Finance Committee the elimination of certain tax expenditures. This would make it possible to minimize the reductions in social and economic programs that we felt we needed and could afford if we were simply to get back some of the taxes owed the U.S. Government and not paid owing to the idiosyncracies and peculiarities of the Internal Revenue Code and the ever-increasing sophistication of some persons in some circles in finding ways to avoid paying taxes.

I would like to say on the floor of this Chamber that we are going to deal with this issue of tax straddles now or it is going to be an outrage in 5 years' time.

The commodities tax straddle is a very simple device for putting off paying taxes for an extended period of time or reducing income from the regular income tax rates to capital gains tax rates.

It has been carried out by people who are not in the commodities market for any economic purpose of any kind. They are there very solely for the purpose of avoiding taxes or minimizing taxes, and they are doing this with the help of elaborate arrangements that professionals in this field have developed.

It began, the best one can tell, about 15 years ago. It is spreading. It now takes a fairly expensive lawyer to work something like this out for you, but we are not far from the day when H & R Block will do it on streetcorners around the country. They are a perfectly capable firm. It will become a perfectly simple device. It will begin to cost the Federal revenues enormously.

I do not know what is more to be deplored, the loss in legitimate revenues to the Government or the loss of the energy and talents of brokers who arrange these things.

This bill would pick up $1.3 billion in fiscal 1982 from persons who can well afford it if they can afford the legal counsel that arranges these tax straddles. It is because their incomes are so large that they have such an incentive to avoid normal taxes.

The tax straddle serves no economic purpose. It has no redeeming social value. It is simply a device which will spread and its emphasis will grow and the revenues will shrink. We will face it sooner or later.

It was the judgment of the Senator from Ohio, myself, and a few others on the Budget Committee, that we ought to face it right now when we can.

The simple fact is that we are going to have to do this. If we do not, we shall be forgoing $1.3 billion, and let nobody mistake where that $1.3 billion will end up. It will end up precisely with those who least need it. I am not suggesting anything illegal has taken place, but the presumption is that these taxes are owed and should be paid.

I thank the Senator from Ohio for giving me this time.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. METZENBAUM. How much time have I remaining, Mr. President?

The PRESIDING OFFICER. The Senator has 4 minutes and 39 seconds.

Mr. METZENBAUM. Mr. President, the argument is made that this issue belongs in the Finance Committee.

Well, actually somebody might be able to make that argument. But on the Senate is where it belongs. It belongs on the floor of the Senate because we are talking about cutting back on vital programs needed for America. We have a right, and it is only just, do we address ourselves to tax loopholes at the very same moment that we address ourselves to taking milk out of the mouths of kids, for cutting back on senior citizen social security programs.

Technically, is it subject to a point of order? Is it germane? Does it belong to the Finance Committee?

Sure, all those arguments can be made. But when the facts are all sifted, let us look at it. The majority party is not prepared to bite the bullet as far as eliminating some of these tax loopholes. Do it mañana, do it next week, do it 2 weeks from now. Take milk out of the mouths of kids but do not take special tax gimmicks away from those who can protect themselves and who have powerful lobbies around here.

Mr. President, this issue is exactly where it should be, on the floor of the Senate. The issue is really going to be whether or not the members of the majority party are willing to consider this as a symbol of other tax expenditures, of tax loopholes, of tax abuses, of tax shelters, and prepared to eliminate some of them at the same time they eliminate some very needy programs for the poor and middle-class America.

Mr. President, I yield back the remainder of my time and move under section 904 to waive section 305(b)2 of

the Budget Act requiring germaneness of amendments. I ask for the yeas and nays.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. METZENBAUM. Mr. President, I asked 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. Who yields time?

Mr. DOMENICI. I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, the Senator moved to waive the Budget Act because the Budget Act requires that amendments be germane. This amendment is not germane to the bill.

Mr. President, if we are going to legislate on this type of amendment, this would mean that the Senate, instead of voting on a limitation of spending, would proceed now without the benefit of committee hearings, without the benefit of the advice of expert witnesses, and certainly without adequate debate to write a tax bill, perhaps a $50 billion tax cut as recommended by the administration, in the full Senate.

That should not be done, Mr. President. We shall have plenty of opportunity in the Senate to vote on every tax proposal, either to raise taxes as the Senator would like us to do, or reduce taxes as many of us would like to do.

I ask, Mr. President, is it in order to try to move that the motion be laid on the table?

The PRESIDING OFFICER (Mr. JEPSEN). The Chair advises the Senator from Louisiana that when the time has expired, and there is 1 hour equally divided, a motion to table is in order.

Mr. HOLLINGS. Mr. President, I yield just a few minutes to myself on this side. I want to be sure the distinguished chairman of our committee has the opportunity to raise a point of order that it is not germane.

It would not be sensible, it would be futile, if we just had an up or down vote on the waiving of the Budget Act without the point of order being made that the amendment is not germane.

Let me address myself to the matter of waiving the Budget Act. That never should occur—you can look at the historic record, section 305, on the enactment of the Budget Act itself—unless in the case of an emergency. We have to have certain procedures, we have to have a certain discipline. We cannot just come in and have a majority vote and, more or less, amend the Budget Act, waive the Budget Act, write a new Budget Act, in essence, just by a majority vote. That is not the intent of section 305. If that were the intent, we would have no Budget Act, we would have no discipline, we would have no procedures. It would just be willynilly, by a majority vote.

That is not senatorial. That is quite to the point of our rules and our procedure under section 305.

The distinguished Senator from Ohio had this opportunity within the Budget Committee, just as I had the opportunity to put in a tax cut measure. My tax cut measure was turned down and his tax expenditure measure was turned down.

Having been turned down, Mr. President, neither is germane and therefore not allowable to be presented at this time. There is a good reason for that germaneness provision. It lies in the fact that the reconciliation procedure is a restrictive measure. It is restrictive to the good judgment of the Committee on the Budget itself as to how they want to control and how they want to present at the time of a reconciliation measure. It is not just to put out a motion and y'all come and any and everybody be ready, at the particular time using a more or less rare proceeding that should not be used, or hopefully not in the next several years, to come in with any and every amendment, raise the subjects of tax cuts, tax expenditures, expenditure cuts in the entire measure.

If, in the judgment of the majority of that particular group, they want to restrict it—and they very, very definitely restricted me on a tax cut relative to that particular approach within the committee and they very definitely restricted the Senator from Ohio.

Mr. President, I think it should be pointed out that we are not cut off. We are going to be, within a week—we have hearings right now and, by this time next week, we shall be marking up what we call the first concurrent resolution. Within the first concurrent resolution, both my tax cut and the tax expenditure of the Senator from Ohio would be in order. It would be discussed and it would be debated at that time.

So, in essence, to try to go now with the unusual procedure of just waiving the Budget Act by a majority vote here on the floor in order to force a particular issue that no one on the House side is going to accept—we know that. Over there, Chairman ROSTENKOWSKI is not going to move at that time in reconciliation. He is moving very deliberately with his tax expenditure and tax cut package.

Similarly, over on this side, the Finance Committee is moving very deliberately. They are not going to move within the reconciliation package. The opportunity is not cut off. I certainly hope we shall not set the precedent that anyone who can corral momentarily a majority vote can just waive the Budget Act out of hand when we know we have those opportunities, breaking down the entire discipline and the entire procedure, just at a time when we have really developed a strong discipline here and a rather restricted, concentrated approach, just to spending cuts.

I was denied my right by the committee itself. So was the Senator from Ohio on his tax expenditure. I do not think we should just shove for that point and waive the Budget Act at this point.

Mr. SARBANES. Mr. President, will the Senator yield at that point?

Mr. HOLLINGS. I am delighted to yield.

Mr. SARBANES. If the committee had acted on the Senator's proposal favorably and included it on tax cuts or tax expenditures——

Mr. HOLLINGS. It would have been germane.

Mr. SARBANES (continuing). Or with instructions to other committees not encompassed within the reconciliation proposal, then amendments pertaining to that would have been germane on the floor, is that correct?

Mr. HOLLINGS. That is exactly correct.

Mr. SARBANES. The only way, as I understand it, that the full Senate can have an opportunity—it may not choose to do so, but the only way it can indicate its judgment as to whether an item of this sort, not included by the Committee on the Budget, should have been included by the Budget Committee in this package is to waive the Budget Act in order to make an amendment in order.

Is that correct?

Mr. HOLLINGS. That is not correct, as I see it. I understand the reasoning of the distinguished Senator from Maryland. The fact of the matter is that every authorizing committee brings out certain bills. We would approach, on a germaneness proposition, that the Senate itself is restricted, with good reason, by this particular committee. It has restricted other committees in germaneness questions on other bills.

Just to come up and say the only way the Senate can act is by a majority vote to disregard the germaneness thing when, in essence, the germaneness provision was put in here by the Senate in a more deliberate fashion, I think, violates the procedure and violates the rules.

So I am not coming in from the approach that is employed now and the rationale of the distinguished Senator from Maryland that that is the only way, like people are being denied. The only way—the Senate, ahead of time, passed the Budget Act 5 years ago, and the 5 years of precedence that we have is that we should have and we should adhere to that germaneness rule and not waive this Budget Act. We have not. Just because we say we did not have the opportunity—they do not want us to have the opportunity.

Mr. SARBANES. If the Senator will yield, the waiver provision is part of the Budget Act.

Mr. HOLLINGS. Oh, yes.

Mr. SARBANES. Therefore, it is part of the Budget Act, as I understand it. I appreciate the arguments the Senator is making and Members may choose to give great weight to the judgment of the Budget Committee and, in effect, defer to it. But the waiver provision is there to be invoked if sufficient Members of the Senate wish to do so.

The fact of the matter is that if the Budget Committee had made a different judgment, the matter would be germane. The only way the Senate can indicate if it disagrees with the judgment of the Budget Committee on the exclusion of a particular item from the package brought to us is to invoke the waiver provision which is contained in the budget legislation.

I understand the Senator's argument and he is, in effect, saying, Look, the Budget Committee made a judgment; we think the Senate committee ought to stick with the judgment of the Budget Committee. The only point I am trying

to make is that the Senator from Ohio is invoking a procedure contained in the Budget Act, obviously put there for this purpose, among others, and that using that procedure is the only way, in this context, that the Senate can indicate its disagreement with the judgment of the Budge Committee in failing to include in the package this proposition, or some other proposition, which is not contained here.

Mr. HOLLINGS. No; Mr. President, I differ with the distinguished Senator from Maryland. The provision of section 305 was not included in the Budget Act just momentarily and spuriously, willy-nilly, by a majority vote differing with the committee, to question the fundamental of germaneness.

The truth of the matter is that over a 5-year period—the Senate adopted this—it was a rarity. It was not to be used in a casual fashion in differing with the Budget Committee. It is a difference with the Senate itself. The Senate put that provision in there only for emergencies, and there is no emergency.

Tax expenditure definitely is a part and parcel to be considered. They are going to be considered by the Finance Committee, and they are going to be considered under the first concurrent resolution, which we start marking up, and we will be debating it, no doubt, next week, and it could go over until the following week.

I differ strongly with the rationale explained by the Senator from Maryland to section 305.

On the contrary, it was put in there for the emergency provisions, if the Senate found itself in a particularly emergency condition whereby we had not foreseen something.

We did not want and the Senate did not want, in the enactment of the Budget Committee, anyone to be able to come in every time and say, "I happen to differ with the majority vote in that particular committee, and therefore let's just waive the Budget Act."

As to germaneness rulings, one can appeal the ruling of the Chair but in this instance, they put in the definite provision with no appeal.

What the Senator is doing now is going through the emergency provision of section 305 of the Budget Act.

Mr. MOYNIHAN. Mr. President, will the Senator yield 2 minutes?

Mr. DOMENICI. The Senator from Ohio and I have agreed that we will each take 2 minutes.

Mr. METZENBAUM. I yield to the Senator from New York.

Mr. MOYNIHAN. I simply want to say, with the greatest respect, that I hold with the Senator from Maryland in this matter.

I am a member of the Budget Committee. The motion to increase the resources available to us in the budget through tax expenditures was rejected by 7 yeas and 14 nays. But it was an issue on which the Democratic Party should feel strongly.

If this is not an emergency, these labors on the floor the last 4 days, with respect to the condition of our party, I do not know what an emergency is.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays on the Metzenbaum motion.

The PRESIDING OFFICER. The yeas and nays have been ordered.

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

Mr. DOMENICI. I yield.

Mr. LONG. I ask this: Is it not true that if we are going to waive the germaneness rule and let somebody bring in an amendment whereby we are instructed to cut tax expenditures by whatever number he might suggest, make a speech to suggest all the tax expenditures he would like to cut, and to some degree at least commit the Senate and the committees to do what he thinks they should do, would that not be a precedent to suggest that every other Senator would have the right to stand here and suggest that we now waive the Budget Act?

Mr. DOMENICI. Absolutely.

Mr. LONG. I could suggest that I would like employees to own stock in the companies for which they work. Somebody else might like to do something about capital gains, and he would move to put the Senate on record for his proposal to cut the capital gains tax and then to cut the tax rates.

In effect, would that not mean that everything we have in mind to do in the way of revenues would be the center of debate before the tax bill gets here from the House? We would be charging uphill and downhill, taking perhaps all the time the law will permit, to debate things which, under the Constitution, cannot be acted upon until the House sends us a revenue bill.

Mr. DOMENICI. The Senator is correct.

I yield myself 2 minutes.

Mr. President, I hope the Senate understands that this is an extremely serious vote.

The Budget Committee has two characteristics that are tremendously important to the Senate, because by adoption of the Budget Act, we have changed our rules in two significant ways.

The matter before the Senate in this instance, a concurrent resolution, is not subject to the normal amendments and the amending process, because, by operation of the Budget Act, the subject matter of an amendment must be germane. That is a dramatic change we have put in the Budget Act, for a reason.

The second matter—listen to this, in terms of the significance of this motion—is that this reconciliation instruction cannot be filibustered. A tremendous senatorial right is given up. Fifty hours is all you can debate here. Do Senators understand the significance?

The reason it must be germane is that we do not want extraneous matter brought in, and the filibuster rule is waived when that is the rule in the Senate.

You cannot bring in the tax measures which the Senator from Louisiana discussed. You could come in with an amendment that said the Energy Committee of the U.S. Senate would not have jurisdiction any longer on energy matters. Do you imagine we would ever vote on that in a normal manner here?

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

Mr. DOMENICI. I will yield in a moment.

It would be subject to all kinds of things. Fifty hours is all there would be to debate it, and it could not be filibustered if this waiver were used for that kind of extraneous matter.

In answer to the question of the Senator from Maryland——

Mr. SARBANES. I have not asked the question.

Mr. DOMENICI. This is in answer to the question the Senator from Maryland asked of the Senator from South Carolina.

There is no question that an opportunity is presented, in the normal course of a budget resolution, for Senators to address revenue levels. For example, Senator LONG cannot come down here and object to that.

In the first concurrent resolution and the second concurrent resolution every year, we are ordered to bring a revenue level measure before the Senate. That is the time when it is germane, and that happens this year. You do not have to wait around for the tax bill, if you want to come down here and discuss assumptions on revenues of tax receipts. You cannot change the tax laws. I hope nobody thinks that can be done.

One can say that the Budget Committee's level of expectation for 1982 is wrong because they did not include any tax expenditures, and you can move to change it. You can move as many times as there are hours in 50 hours. You can change it by 1 penny and offer it again. Even the tabling does not preclude you from offering it again, with just a slight modification, over and over.

So no one will be denied a day in court on how the cumulative total of revenue expectations for the country is arrived at.

The only point I want to make is that we have never used this waiver for this kind of matter. It is an extraordinary activity, and it should not be taken lightly tonight, so that we can enter into a debate about a tax expenditure matter called a straddle, or whatever it is, when all we have here is cuts in the level of expenditures of the U.S. Government. It has nothing whatsoever to do with a tax.

Mr. SARBANES. Mr. President, will the Senator yield on the procedure of the Budget Committee?

Mr. DOMENICI. I yield.

Mr. SARBANES. As I understand it, the Senator has made an argument against the tax expenditure on the linkage to the limitation on hours. But if the committee had adopted the proposed amendment on tax expenditures in the course of its considerations—the committee turned it down—but had it adopted it, it would have been part of the committee's package, and it would have come to the floor; and the limitation on debate with respect to the Budget Committee's proposition on tax expenditures would then have operated according to the limits. Is that correct?

Mr. DOMENICI. If the reconciliation instruction before the Senate included tax items, an amendment changing the

level in taxation or the assumed taxation would be in order, if that is the question.

Mr. SARBANES. That is right, and therefore bound under the limited debate.

Mr. DOMENICI. That is correct.

Mr. SARBANES. So, if the Budget Committee adopts this tax expenditure measure, then it moves onto the floor within the confines of the limited debate provided for under the Budget Act.

I thank the chairman. I think it is an important procedural matter to get straightened out.

SEVERAL SENATORS. Vote!

Mr. METZENBAUM. Mr. President, we are dealing with this matter: Had the Budget Committee adopted one of these amendments, as was well pointed out by the distinguished Senator from Maryland, there would not be any question about this amendment.

As a matter of fact, the distinguished ranking minority member of the Finance Committee will argue that somehow the Finance Committee is the only one that may deal with revenue matters but that the Budget Committee has the right to give directions to every other authorizing committee, which it is doing in this budget resolution.

I believe that the Budget Committee is going to act in connection with cutting expenditures. It also will be acting with respect to bringing more dollars in or cutting back on tax expenditures. Because I do feel that way and because I feel that no particular useful purpose will be served, with the consent and approval of the manager of the bill, and if there is not approval I will not offer it, I ask unanimous consent that if and when all time is yielded back, I am prepared to do so provided that we immediately thereafter go to an up-and-down vote on the amendment.

Mr. DOMENICI. I did not understand. The Senator wants a vote now? I will yield back my time and he his.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. If I understand what the Senator said we vote on the amendment. I ask the question. Does not the vote come on the Senator's motion to waive the Budget Act?

Mr. DOMENICI. Absolutely.

Mr. METZENBAUM. The Senator from Louisiana is correct. I had no intention of changing that. I perhaps used inappropriate language.

What I am saying is, if all time is yielded back unanimously, we unanimously then proceed to an up-and-down vote on my motion.

Mr. BAKER. Mr. President, reserving the right to object, on the motion is what the Senator is speaking of.

Mr. METZENBAUM. The Senator from Tennessee is correct.

I now yield the floor to the Senator from New Mexico in order that he may state the request if he cares to do so along the lines the Senator from Ohio just stated.

On that basis I am willing to yield my time back.

Mr. DOMENICI. Mr. President, I yield my time back.

Mr. METZENBAUM. Mr. President, I yield my time on that basis so there will be an up-and-down vote.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio, under the provisions of section 904(B) of the Budget Act, to waive the provisions of section 305(b)(2) of the Budget Act relating to germaneness of amendments.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. WILLIAMS) is necessarily absent.

The PRESIDING OFFICER (Mr. SCHMITT). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 15, nays 82, as follows:

[Rollcall Vote No. 64 Leg.]

YEAS—15

Boren	Kennedy	Pell
Bradley	Levin	Proxmire
DeConcini	Metzenbaum	Riegle
Eagleton	Mitchell	Sarbanes
Hart	Moynihan	Tsongas

NAYS—82

Abdnor	Exon	Mattingly
Andrews	Ford	McClure
Armstrong	Garn	Melcher
Baker	Glenn	Murkowski
Baucus	Gorton	Nickles
Bentsen	Grassley	Nunn
Biden	Hatch	Packwood
Boschwitz	Hatfield	Percy
Bumpers	Hawkins	Pressler
Burdick	Hayakawa	Pryor
Byrd, Harry F., Jr.	Heflin	Quayle
Byrd, Robert C.	Heinz	Randolph
Cannon	Helms	Roth
Chafee	Hollings	Rudman
Chiles	Huddleston	Sasser
Cochran	Humphrey	Schmitt
Cohen	Inouye	Simpson
Cranston	Jackson	Specter
D'Amato	Jepsen	Stafford
Danforth	Johnston	Stennis
Denton	Kassebaum	Stevens
Dixon	Kasten	Symms
Dodd	Laxalt	Thurmond
Dole	Leahy	Wallop
Domenici	Long	Warner
Durenberger	Lugar	Weicker
East	Mathias	Zorinsky
	Matsunaga	

NOT VOTING—3

Goldwater	Tower	Williams

So Mr. METZENBAUM's motion under the provisions of section 904(B) of the Budget Act to waive the provisions of section 305(b)(2) was rejected.

The PRESIDING OFFICER. The question is on the amendment.

Mr. DOMENICI. Mr. President, a parliamentary inquiry. What is the matter before the Senate?

The PRESIDING OFFICER. The Metzenbaum amendment is before the Senate.

Mr. DOMENICI. Mr. President, a parliamentary inquiry. Is it not the subject of a point of order? I make the point of order that the amendment is not germane.

The PRESIDING OFFICER. The amendment is subject to a point of order. It introduces a new subject matter, and, therefore, the point of order is well taken.

Mr. HOLLINGS. Mr. President, could we move to the amendments of the Senator from Wisconsin?

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin is recognized.

UP AMENDMENT NO. 43

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered 43:

On page 2, line 24, strike "$13,300,000,000" and insert in lieu thereof "$15,673,000,000".

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

Mr. PROXMIRE. I am happy to yield.

Mr. STEVENS. Mr. President, it is my understanding that this is the first of three amendments to be offered by Senator PROXMIRE. Is that correct?

Mr. PROXMIRE. That is correct.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. STEVENS. Mr. President, we have had a request to seek approval to have the votes on the Proxmire amendment occur back to back at the end of the third amendment. I do not know how long that would be.

I know the distinguished Senator from West Virginia has a little bit of problem about that, but I thought if we discussed it on the floor perhaps some of those who had reservations might listen to their squawkboxes and understand what we are trying to do.

Will the Senator from Wisconsin give us some indication of how long he will take on all three of them?

ORDER OF PROCEDURE

Mr. PROXMIRE. Mr. President, the first amendment, I understand, has a time limitation on it that the majority leader made today of one-half hour, equally divided, 15 minutes to a side. The second amendment has 20 minutes, equally divided, 10 minutes to a side. The third amendment has no time limitation, except the usual limitation of an hour that we have on each amendment.

Mr. STEVENS. Would the Senator from Wisconsin have any problem if we stacked them all, so that the three votes take place after the time of the third amendment?

Mr. PROXMIRE. No, I have no objection.

Mr. STEVENS. May I ask my good friend if that is possible. I do not want to make a motion unless it is cleared on his side.

Mr. ROBERT C. BYRD. Mr. President, the minority is attempting to check this out at this point. There is one other Senator that we have to contact who had earlier today interposed an objection. Just now, we are working on the proposi-

tion that we stack the votes beginning at 15 minutes of 9.

Mr. STEVENS. That is agreeable. We sought to try to stack them for the end of the time of the Senator from Wisconsin's last amendment, which could run, as I understand it, past that time. He has an hour and 50 minutes total on his amendments.

Mr. ROBERT C. BYRD. This would not preclude further time being taken on amendments on which the yeas and nays had not been ordered and on which the time had not already run. What I am saying is that on those amendments on which the time had run and on which the yeas and nays had been ordered, the first rollcall vote would not begin prior to quarter of 9 p.m. tonight.

Mr. STEVENS. At the present time, the next rollcall will take place at approximately quarter of 8, unless we get such an agreement.

I will not make the motion until the distinguished Senator from West Virginia tells us that it is not objected to on his side. But we do hope we can arrange that. Then everyone could have time to get dinner, if they are not involved in the debate on the floor.

Mr. ROBERT C. BYRD. I thank my friend.

Mr. DOMENICI. Mr. President, will the distinguished majority whip yield for a further question?

Mr. STEVENS. Yes.

Mr. DOMENICI. What is the next amendment following the three of Senator PROXMIRE?

Mr. HOLLINGS. Senator DECONCINI's amendment.

Mr. DOMENICI. Does that not have a time agreement on it?

Mr. HOLLINGS. The time agreement perpetuated by the majority leader was 30 minutes, 15 minutes to a side.

Mr. STEVENS. Mr. President, if the Senator will yield, I now ask unanimous consent that the votes on all three of the Proxmire amendments take place one right after another at the conclusion of the debate on the third Proxmire amendment.

Mr. LONG. Mr. President, reserving the right to object, I would like to have a time certain, like 8:45.

The PRESIDING OFFICER. Does the Senator from Louisiana reserve the right to object?

Mr. LONG. Mr. President, I reserve a right to object. I would rather have a time certain.

Mr. PROXMIRE. Mr. President, I have no objection to that. That is up to the leader. The leader may have a problem with that.

Mr. STEVENS. Mr. President, I ask unanimous consent that the vote on the first two Proxmire amendments, and the third one, if it is finished, commence at 8:45.

Mr. ROBERT C. BYRD. On the first two, if debate has finished on both of those.

Mr. STEVENS. That is right. And the third one, also, if it is finished at that time will be right after that. We could take up another amendment in between. This is an assurance that there will be no further votes until 8:45.

Mr. ROBERT C. BYRD. That is correct.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, this amendment would cut an additional $2.4 billion in budget authority by requiring the Appropriations Committee to rescind as much budget authority as President Reagan proposed for rescission in fiscal year 1981. This is a total of $15.673 billion.

In so doing, it would add $2.373 billion to the total budget authority the Appropriations Committee has been instructed to rescind in the current fiscal year by the current resolution.

To repeat, Mr. President, President Reagan has called for about $15.7 billion in rescissions or cuts in the budget obligational authority for fiscal year 1981. The Budget Committee in the resolution before us does not cut as deeply. It gives the President only about 85 percent of what he asks in rescissions. Yes, indeed, the committee cuts spending more deeply in 1982 and 1983—but that is in the future, where cuts have a way of vanishing in the mist as we approach the happy oasis. The President asks for the cuts now. We should give those cuts now. That is what my amendment does.

If I had my way, we would cut deeper than President Reagan and reduce the deficit even more. But the committee has cut less. The amendment now before the Senate cuts obligational authority by the full amount requested by the administration. It does not rubberstamp the President, because it says nothing about cutting or increasing particular areas. It differs sharply from the prior amendment offered by the distinguished Senator from Arkansas, which the Senate, in fact, voted on last week, because that amendment called for cuts in procurement. Some Senators interpreted that amendment as threatening to defense, because so much of our procurement is in defense. This amendment does not mention procurement. The amendment would simply instruct the appropriations committee to make an additional $2.4 billion in reductions or rescissions in spending, and would put the Senate on record as matching the Reagan requests. Anyone who would argue that this amendment is antidefense would have to argue that President Reagan is antidefense. But as a member of the Appropriations Committee for the last 20 years, I am convinced that given the will and the instructions from this body, the committee can and will find reductions in spending as deep as the President has requested.

Mr. President, all of us have had mail from our constituents supporting and opposing the reductions proposed by the President. My mail and, according to most reports, the mail of most Senators, runs overwhelmingly in support of those reductions in spending. The country on this issue has rallied overwhelmingly behind the President. The people of this country want this budget cut. They do not want us to go 95 percent of the way with the President or 90 percent, and certainly not 85 percent, as this resolution would have us do.

They want us to go 100 percent of the way. That does not mean the people of this country agree 100 percent with every cut the President recommends. They do not. And I think few of us do. It does mean the American people want us to move at least as far as the President has in holding down spending, and that is precisely what this amendment would do.

Mr. President, some Senators say we should not cut so deeply. They contend we should simply adopt a more responsible fiscal course by cutting taxes less than the President proposed. What is wrong with that? Plenty. First, the only way we can get this economy to move ahead with tough cutbacks in spending is to cut taxes and provide the incentive for business to expand, for our people to save and invest, and for the private sector to take up the slack.

Furthermore, we find even more support for tax reductions than for spending reductions. And, let us not kid ourselves, with the President of the United States asking for us to cut taxes, this body and the House will not hesitate to make the cuts. That means that this country will continue to run deficits which drive up interest rates and in the process paralyze homebuilding and the vital auto industry, unless we make these painful budget cuts.

This amendment would require us to bite the bullet now—as the administration requests—not 2 or 3 years down the pike but this year. When the moment of truth comes we have found how easy it is to promise a balanced budget 4 years from now and how very hard it is to obtain that. What this amendment does is to cut the mustard right now. Make that painful decision this year, we tell the Appropriations Committee. The amendment would demand that the committee cut as deeply as the President has requested with no "ifs, ands or buts." Oh sure, the Budget Committee tells us that in 1982 or 1983 we will do better. I propose we do better right now. So this is a bite-the-bullet-now amendment. All aboard who really believe in cutting now and not putting it off.

This amendment simply takes the President and his administration at their word, that they need a reduction of this size in the budget to provide the basis for an anti-inflation, anti-high-interest-rate policy that will work. Frankly I am convinced that if I submitted this amendment to a cross-section of the American people today it would win overwhelming approval, not just from Republicans or businessmen but from Democrats, from workers, from labor union members, and, yes, from Government workers.

Sure you would get a world of disagreement on what programs to cut, but on going along with the President and cutting as deeply as he has requested you would get solid support in every State of the Union. Every Senator knows this. Anyone with ears to hear our constituents knows they want Federal spend-

ing reduced. And that is our job—not the President's, not the Cabinet's, not Dave Stockman's, but ours.

If we choose not to make cuts as deep as he has requested we will not make them. We will have a deeper deficit. We will have the Government borrowing more money and driving interest rates up even higher. We will have no faith in the anti-inflation program. This amendment poses the basic issue. Do we truly believe we should hold down the rate of increase in Government spending or do we not?

Now I know, Senator DOMENICI and Senator HOLLINGS, and the entire Budget Committee, have worked hard on this resolution. They have discussed with each of the subcommittee chairmen of the Appropriations Committee and with its distinguished chairman (Mr. HATFIELD) how far the resolution could realistically go. They bring us their best judgment, and that judgment is that for 1981 they can go only 85 percent of the way with the President. President Reagan calls for $15.67 billion in rescissions. They give him only $13.3 billion. In other words they go 85 percent of the way with the President. They fall 15 percent short.

This amendment would make up for that 15-percent shortfall and put the resolution four square with the President's recommendation. It would provide 100 percent of the rescissions that President Reagan has requested. The committee could give him the same rescissions he has asked, or, as I have said, they could cut some spending more than the President has asked and some less, but, in total, they would have to go 100 percent of the way with the President's overall reductions.

The crux of our problem boils down to whether we can, in fact, realistically cut as low as President Reagan has asked. I say, of course we can. We are not talking about a tight, limited budget. We are talking about a budget that has exploded from $76 billion when I first came to the Senate in 1957 and had climbed to $97 billion by 1961. And now the President proposes to put a cap on it next year at $695 billion. Now that is a 2½-fold skyrocketing of spending in real terms allowing fully for inflation. In 20 years do we wonder why we have double-digit inflation, and with an early trillion dollar national debt with an average maturity of less than a year so the Federal Government has to borrow it all over again each year, do we wonder why we have sky-high interest rates.

Does anyone seriously believe that we can bring interest rates down without truly painful cuts in Federal spending? The President does not propose to reduce Federal spending with his rescissions, he proposes to increase it a little more slowly. We will still suffer a fat deficit.

But unless we at least go as far as the President has proposed, we have only ourselves to blame for continued record deficits, continued painful inflation, continued killing high interest rates, and the unemployment and economic stagnation a sloppy, out-of-control Federal Government has brought us.

Mr. President, I reserve the remainder of my time and I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I hope the Senate does not adopt the Proxmire amendment. I do not think there is anyone who has been here on the floor listening to the debate in the last few days who has any doubt about where I stand and where the Budget Committee stands. We support the President. We have been on the floor fighting for that program and winning almost every single vote.

Mr. President, the distinguished chairman of the Appropriations Committee has had his subcommittees look at what is left for the rest of this year, and it is absolutely impossible that we ask them to do more than we have.

Although the Appropriations Committee mark for budget authority is $2.4 billion less than the President's total, their outlay mark for 1981 is only $83 million less than proposed by the President.

It is entirely possible, Mr. President, that the Appropriations Committee may need to rescind more than $13.3 billion in budget authority to get the $1.5 billion in outlays that they agree they can save and that this reconciliation instruction requires they return in a package of rescissions.

I think it is best to assume that the Appropriations Committee will meet their 1981 outlay target, which is close to the President's level, but leave them some slight flexibility on the budget authority side. I am sure they will exceed their budget authority instruction if it is at all possible to do so.

Mr. President, we have to remember that while many of the committees are charged with changing laws to save money in 1982, what we are asking the Appropriations Committee here to do is to do all of this in the last quarter of the year. It is not like we are just starting out. These are all 1981 rescissions. The chairmen and the subcommittees just do not have a year to do this. They have very little time to get the work done and to save this amount of money in one-quarter of a year. I repeat, if they reach what they are instructed to do by way of a rescission package, and if the Senate supports that when it comes to the floor, their total outlays for the year will have a disparity of only $83 million from that of the President's.

I think that is a tremendous record, Mr. President. We have not been able to work this way in the past. I just think we ought to accept what the distinguished chairman and his subcommittees say they can do. It is an excellent start on the President's package. I hope the Senate does not accept the Proxmire amendment tonight.

Mr. PROXMIRE. Will the Senator yield on a point he made before he yields the floor?

Mr. DOMENICI. Certainly, I am pleased to yield.

Mr. PROXMIRE. Mr. President, it is my understanding that when a President submits a rescission at this point, he instructs the various departments not to spend the money which is rescinded. In view of the fact that he has already submitted those rescissions and we have almost half the year left, it is practical for the Senate to support the President and to provide for the full rescissions the President has requested.

Mr. DOMENICI. The Senator is correct with reference to the technical effect of a rescission that the President submits. However, the distinguished chairman of the Committee on Appropriations has taken that into consideration, also, as he worked diligently with the subcommittee chairmen and members of the committee to give us the mark, which is extremely close to the Presidents. As I indicated, in outlays, there will only be an $83 million difference. That is going to be a challenge when we consider the amount of time they had. The Senator is technically correct.

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

Mr. DOMENICI. I yield the remainder of my time in opposition to the amendment to the distinguished chairman of the Committee on Appropriations.

Mr. HATFIELD. Mr. President, I believe the distinguished ranking minority member of the Appropriations Committee, the Senator from Wisconsin (Mr. PROXMIRE), deserves credit today for focusing our attention on cost savings. I think the thrust of his amendment would be to increase the instruction to the Appropriations Committee from the $13.3 billion agreed upon by the Budget Committee to $15.7 billion, which is also the initial estimate of the President's proposal.

I shall not undertake a detailed analysis of his plan at this time. The figures are clear and there is no disagreement about what they mean. But a few general points are in order.

Mr. President, I think there are a number of dangers. The first is that we have a danger here of trying to focus the entire attention on savings that we must make, but in fiscal year 1981 and, more than that, in the last quarter, as the chairman of the Committee on the Budget has already indicated, making all these savings in the last quarter of fiscal 1981.

I think the President and the Budget Director, Mr. David Stockman, have both acknowledged that fiscal year 1981 is not the key to our economic recovery. After all, the savings, as I say, that we can achieve in 1981 have to be made in the last quarter.

Mr. President, I have asked, as the chairman of the Committee on Appropriations, each of the 13 subcommittees to make an estimate of what they felt would be realistic reductions that could be made in fiscal year 1981 after we got the information from the White House on the President's fiscal rescission program. I think it is very interesting to note that the subcommittee chairmen, who gave very careful consideration to this on a bipartisan basis, with the ranking minority member of each subcommittee fully participating, came up with a target figure of $11.8 billion. I might say that the Senator presiding now (Mr. SCHMITT), chairman of our Subcommittee on Labor-HHS, made an estimate

that his subcommittee could reduce by over $2 billion alone in budget authority, which I think is a very significant reduction for one subcommittee.

I am also aware that the Senator from Wisconsin, our colleague (Mr. PROXMIRE), disagrees with the report from the Labor-HHS Subcommittee, and so informed me by letter. I want to respond by saying that I shall continue to press the entire committee for as great reductions as we can make in fiscal year 1981. I know that each chairman and each ranking minority member on each subcommittee of the Appropriations Committee will do likewise.

I agree with the distinguished Senator from New Mexico (Mr. DOMENICI), chairman of the Committee on the Budget, that we should set our mark at a realistic figure of $13.3 billion. Let me also say that of the total net savings in 1981 recommended by the Budget Committee—that total is $14.7 billion—the Appropriations Committee share is $13.3 billion. Over 80 percent of the savings to be made in fiscal year 1981 has been instructed to be made through the actions of the Appropriations Committee. But by the same token, the Appropriations Committee has been given a very clear signal that none of those cuts can be considered as coming from the military budget. So, in a sense, what we are doing is reducing our base to a very, very narrow consideration of where we can make these cuts.

Mr. President, this is going to be a monumental task, a very difficult task. But let us put it against the record of the rescissions of the past.

Mr. President, ever since the passage of the Budget and Impoundment Control Act of 1974, we have had 6 fiscal years of experience with rescinding budget authority. Over that span, Congress has rescinded 48 percent of the amount proposed by the President.

I do not seek to condemn either the President or the Congress by noting that this is not a particularly high level of success. This approval rate reflects the simple fact that Congress is reluctant to overturn budget priorities that it approved in the regular appropriations and authorizations process only months ago.

Let me emphasize an important distinction here: Rescissions are not prospective savings which are planning for 1982 and 1983. Instead, they constitute the reversal of appropriations choices Congress deliberated and established for 1981 and their impact will be felt immediately. This does not mean they are impossible to achieve but it does explain why Congress is reluctant to disrupt budget planning so late in the year.

As a consequence, out of the $11.9 billion proposed for rescission over the last 6 years, only $5.8 billion has been accepted here in Congress. In fact, that savings rate is somewhat overstated by the rescission of $2 billion for the strategic petroleum reserve last year.

I add that historic note for two reasons. First, the $13.3 billion instruction for the Appropriations Committee is higher than all rescissions requested in the past 6 years. In a single quarter, we are being instructed to rescind $13.3 billion. This is more than $1 billion more than Congress has accomplished over the life of the Impoundment Control Act.

Second, even though Congress has a history of approving less than 50 percent of all Presidential rescission requests, we are being instructed to report rescissions amounting to 85 percent of the President's fiscal year 1981 request. The pending amendment of the Senator from Wisconsin would amount, in effect, to a mandate to the Appropriations Committee to rescind 100 percent; in other words, make full compliance in that one act in the last quarter—a goal which careful review by subcommittees indicates is not possible. As I said earlier, even the $13.3 billion figure is a challenging task, but one which I believe the Appropriations Committee can handle. To accomplish our instruction, we will have to do better than the rescissions rates in past Congresses that are as follows:

[In percent]

1975	12
1976	4
1977	70
1978	9
1979	80

Despite these past approval rates, Mr. President, I believe we should be able to reach the $13.3 billion instruction. This is not a business-as-usual Congress and I know the Appropriations Committee will not adopt a business-as-usual attitude on rescissions.

Therefore, I recognize that we are in very difficult and very unusual times, but I do feel that we have to be reasonable, that we have to recognize just what we have as constrictions on this action that has been instructed by the Budget Committee. We shall seek to achieve that goal without this amendment.

Where we have witnessed a 48-percent rescission approval rate by Congress in the past, I am confident we can, at appropriations, achieve the much higher rate mandated by the instruction of $13.3 billion.

But placing a higher instruction on the committee, Mr. President, ignores the magnitude of the task before the Appropriations Committee and ignores the estimates submitted by each subcommittee. For these reasons, Mr. President, I urge the Senate to reject the amendment submitted by the ranking minority member of the Appropriations Committee.

Mr. President, I ask unanimous consent to have printed in the RECORD the schedule of rescissions by the last six Congresses.

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

RESCISSIONS, FISCAL YEARS 1975–80

[Dollar amounts in thousands]

Year	Number	Amount proposed	House (action)	Senate (action)	Amount approved	Percent of dollars rescinded
1975	91 (4)	$3,328,500	$408,381	$464,538	$391,295	12
1976	50 (1)	3,608,363	74,931	138,331	138,331	4
1977	21 (1)	1,835,602	807,640	1,271,040	1,271,040	70
1978	8 (0)	644,055	55,255	55,255	55,255	9
1979	10 (0)	908,692	705,869	723,609	723,609	80
1980	59	1,618,000	1,751,197	3,869,305	3,184,000	197
Total	239	11,943,212			5,763,530	48

Note.—1979 figures are inflated by the single action of the additional rescission of $2 billion in strategic petroleum reserve.

Source: Tabulated from House Appropriations Committee data.

Mr. HATFIELD. Mr. President, I reserve the remaining part of the time that has been yielded or I yield it back to the Senator from New Mexico.

Mr. PROXMIRE. Mr. President, I recognize, I think all of us do, the fine job that the chairman of the Committee on Appropriations has done. He is a fine chairman. I have great respect for him. As we all know, it is an extraordinarily difficult job that he has assumed and I think he has done very well.

He has pointed out how his committee is being called on to make rescissions that are far deeper than have been made before. That is true. But let us recognize how entirely different the situation is now. The Budget Act was adopted in 1975.

It was followed by the election of President Carter, who did not have a program for holding down the rate of increase on Government spending. At least, that was not front and center.

Since we appropriated these funds in 1980, we have had a historic election, with the clearest kind of mandate for the elected President. That mandate was overwhelmingly to hold down Federal spending. That is what he talked about over and over. That was the theme of his inaugural. There is a new President, a new party, a new election. I believe that message certainly should have come through to all of us. Anybody who has talked to his constituents has heard plenty of it.

Now we have a new election, a new President.

I call this to the attention of the distinguished Senators from Oregon and New Mexico: Let us not forget that we also have a new Senate. The Senate that appropriated this money was a Democratic Senate. Now it is a Republican Senate, and I believe that Republican Senate got the message, also.

We have 16 new Republican Senators. Why were they elected? In many cases, it was to hold down spending. They were not elected to come in and just sit in

office and conduct the same kind of policies we had in the past. We have a new message, and that message should be translated into action, and that is what my amendment does.

I should like to see us cut 150 percent—in other words, more deeply than President Reagan has recommended. Congresses have done that in the past.

I hope the Senate will give very serious attention to this amendment.

I must say that I have great respect for the distinguished chairman of the Appropriations Committee, who I believe is doing an excellent job in every respect. We just disagree a little on this rescission, this $2.4 billion worth.

Mr. President, I reserve the remainder of my time. If the Senators from New Mexico and Oregon want to yield back the remainder of their time, I will do so, and we will go to the next amendment.

Mr. DOMENICI. Whatever time the chairman of the Appropriations Committee desires, I should like 1 minute at the end.

Mr. HATFIELD. Mr. President, what is the time situation?

The PRESIDING OFFICER. The time remaining to the Senator from Oregon is 2 minutes and 30 seconds.

Mr. HATFIELD. And the Senator from Wisconsin?

The PRESIDING OFFICER. The Senator from Wisconsin has 4 minutes and 20 seconds.

Mr. HATFIELD. I yield 1 minute to the Senator from New Mexico.

Mr. DOMENICI. I will take it from the resolution, and the Senator from Oregon can use what time he needs.

Mr. HATFIELD. Mr. President, I believe there is no question that the Senator from Wisconsin and I are on the same frequency. I would make only one correction to his statement.

He spoke of the Appropriations Committee as being my committee. It is really our committee, the Senator from Wisconsin being the ranking minority member. I consider it as our responsibility of leadership on that committee.

I say to the Senator that because we are on the same frequency, we are setting our goals precisely in the same direction. But I believe there comes a point where we have to delineate what we would be involved in, in relation to reductions in programs and actually existing programs.

I believe we are reaching a point beyond the bone marrow, where it is going to be an amputation rather than merely an operation.

This program includes the elimination of EDA, UDAG, solar bank, HUD rehabilitation loans, cancellation of DOD alcohol fuels, USDA alcohol fuels. Also, we would have EPA waste water treatment grants, $1.7 billion; HUD subsidized housing, $5.1 billion. We have $1.3 billion now in elementary and secondary education programs, $240 million in vocational education. I could go on. Perhaps some of these programs need to be removed or reduced or excised.

I just wanted to be clear that we are exempting the military of $150 billion plus in this action, as if there were no waste in the military, as if there were no reason to give the same scrutinizing effort for cost analysis that we are giving to these other programs. Therefore, we have narrowed our base to these basic programs that I do not believe we want to abolish absolutely and amputate from the Government, but we want to reduce. I would say we have reached beyond the point of this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield myself 1 minute on the resolution.

Mr. President, I repeat that we will not get the fiscal matters of our Government under control unless the Appropriations Committee, the Budget Committee, and the Finance Committee are working together. Obviously, we need to work together.

However, Senator HATFIELD's committee, with discretionary appropriation authority, and the Finance Committee, with principal jurisdiction over entitlements, must work together with the Budget Committee in order to get the job done that the people of this country earnestly wait for and desire on the part of the Senate.

It has been my privilege to take over the job of chairmanship of this committee and to begin anew with the chairmen of those very important committees, where we consult, where we talk, where we understand, where there are no surprises, where the staff attempts to exchange information, so that we all know what the other has in mind.

I have absolute confidence that the chairman of the Appropriations Committee is going to do the maximum that can be done in the short time that remains.

I hope the Senate will go along with us tonight. There is plenty of budget authority to cut. The chairman enumerated some of them. It is going to be an extremely difficult job to do that. In 1982 it will be tougher, but at least there is some transition time. There is some time to think together. There is some time to put together new laws that will provide transitions, not only what we have been doing and what we hope to do in 1982 and other years. There are no new authorizing bills that are going to come down to Senator HATFIELD and make his job easy. It is all going to be Appropriations Committee work.

I hope that tonight the Senate, once again, will go along with what has been a well-thought-out, well-considered exchange of ideas between the Committee on Appropriations and the Budget Committee, and defeat the amendment of the distinguished Senator from Wisconsin. This Senator appreciates the great support the Senator from Wisconsin has given on the floor for the budget process and the reconciliation mandates that will soon be thrust upon the committee. At this point, I hope he understands that we just cannot expect the chairmen and subcommittee chairmen to do more than the amount the Budget Committee found. I thank him for his support during the last 3 or 4 days.

Mr. PROXMIRE. I thank the chairman of the Budget Committee, and I congratulate him on the fine job he has done.

Mr. President, in the first place, this amendment would stand by the President. It would make the President's request not 85 percent, not 90 percent, but 100 percent.

It seems to me that under the circumstances, with a new President, the mandate he has, the mandate we have, we should do that.

In the second place, let us make clear that these rescissions change from the time the President requests them. He then puts the spending on hold. He has done that. The result is that they have not a quarter, not a couple of months, but they have 5 full months to hold down this spending.

In the third place, I point out that we do not have to abolish programs. We do not have to cut as deeply or as cruelly as has been implied. We can, for example, make a 2-percent cut in Federal employment instead of a 1-percent cut. That would save a very substantial amount. We can make a deeper cut in the Postal Service subsidies. There are any number of programs that can be reduced.

So I hope that the Senate will give serious consideration to this matter and recognize that these are unusual times. We do have a mandate from the people of this country, in spending, to cut at least as deeply as the President has proposed. I hope we will adopt this amendment and do that.

If the other side yields back their time, I will yield back my time.

The PRESIDING OFFICER. The other side has no further time.

Mr. PROXMIRE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, under the previous order, the Senator from Wisconsin is recognized.

AMENDMENT NO. 14

(Purpose: To restore the full amount of the President's proposed budget and outlay reductions for the Export-Import Bank)

Mr. PROXMIRE. Mr. President, I call up printed amendment No. 14 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes amendment numbered 14.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 5, line 2, strike out "$6,146,000,000" and insert in lieu thereof "$6,394,000,000".

On page 5, line 3, strike out "$133,000,000" and insert in lieu thereof "$147,000,000".

On page 5, line 4, strike out "$15,460,000,000" and insert in lieu thereof "$16,125,000,000".

On page 5, line 5, strike out "$958,000,000" and insert in lieu thereof "$1,068,000,000".

On page 5, line 6, strike out "$18,412,000,000" and insert in lieu thereof "$19,135,000,000".

On page 5, line 7, strike out "$2,274,000,000" and insert in lieu thereof "$2,631,000,000".

Mr. PROXMIRE. Mr. President, the amendment I propose is to restore the budget cuts concerning the Export-Import Bank that were proposed by President Reagan. When Senate Concurrent Resolution 9 was before the Budget Committee, that committee gave favorable treatment to amendments concerning Eximbank authorizations and outlays for the fiscal years 1981, 1982, and 1983 in total, respectively, of $1.636 billion and $481 million.

Mr. President, there is no excuse for according the Eximbank preferred treatment in budget matters. Inflation is our No. 1 economic problem.

I might say, Mr. President, incidentally, that I have talked to dozens of exporters who support President Reagan's program and who recognize that they will have to make something of a sacrifice if the Export-Import Bank is not given the kind of funding that the Budget Committee would give them, but they tell me they prefer to go along all the way with the President in spite of the fact that they would have to make a sacrifice.

I think that makes sense. They recognize if we are going to cut the many programs that help so many of the elderly and the poor they, the Eximbank, the exporters, should share in that cut.

In order to cut inflation we must make deep cuts in the budget. In order that we may have the public support to make the deep cuts we need to make we will have to be fair about the budget cuts. In order to be fair every group and sector of the economy will have to share in the cuts.

Why should Eximbank be an exception? There is no good reason.

Cuts will be made in health care, aid to the poor, student loans, and many, many other social programs that have a worthy purpose. Eximbank is not more important to the Nation than the people who will suffer cuts.

I think all of us recognize that while budget cuts will not do the whole job, they are crucial to stopping inflation.

One reason inflation is so bad is that interest rates are high because the demand on our capital markets fueled by Government borrowing exceeds the supply of capital. Government deficits, financed in the capital markets, crowd out private borrowing and result in high interest rates.

Eximbank financing, along with other Government agencies, is a part of the problem. Eximbank borrows in the market and makes loans at subsidized rates to borrowers. How in the world can we justify increased borrowing and lending authority for Eximbank to make subsidized loans to foreign purchasers?

Many times I have stood on the floor and have reported for the Banking Committee as chairman of the Banking Committee over the past 6 years, the announced loans that the Export-Import Bank is making to the foreign countries, and again and again I have been shocked at the fact that they will borrow at 8 and 9 percent at least when American businessmen have to borrow at double that rate.

We need only to look at the Eximbank financing of the purchase of airplanes by Ansett (Australia) to see how ridiculous the subsidy is. The Eximbank direct loan was almost $300 million at an 8- to 8.4-percent rate. Think of that, an 8-percent loan, subsidized by the U.S. Government. What are we to tell American businessmen who go to their bank and are quoted 17 to 20 percent for a loan? What are we to tell the new homeowner who must pay 14 to 16 percent for a home mortgage loan? The subsidy on the Ansett loan runs to over $25 million per year.

President Reagan recommended cuts in Eximbank authority. I want to quote his statement contained in his "Program for Economic Recovery" on Eximbank.

This is the President of the United States speaking. This is what President Reagan said, and I quote him:

> To help control the expansion of Federal credit programs, particularly those with a subsidy element, the Administration will propose that the Export-Import Bank's authority to make new direct loans be set at $4.4 billion in 1982, down 12% from the Carter budget and 31% from the current base.

He goes on to say:

> The Bank's lending operations grew by over 400 percent from 1977 to 1980.

So we are talking about cutting it not nearly to the level it was in 1977. We are cutting only moderately in connection with that earlier level.

To quote President Reagan further:

> The Carter administration used the Bank as a vehicle for head-to-head competition with foreign export subsidy programs. Some argue that rapid further growth in the Export-Import Bank's direct loans is necessary to expand exports, reduce U.S. trade deficits, and halt the decline in the U.S. share of world trade. However, the international accounts of the United States are now strong compared to other major industrial countries. The U.S. current account balance has improved by nearly $20 billion since 1978 while those of Germany and Japan have declined by $26 billion and $30 billion respectively.

In other words, we are doing better than our competition in exports, better than Germany, better than Japan.

Further, the U.S. share of world trade has increased in recent years. This excellent U.S. export performance has resulted primarily from cyclical changes in the United States and foreign economies, and not from growth in the Bank's direct lending.

Because of the Bank's past lending policies, its credit facilities tend to be regarded as entitlement programs. Moreover, a large proportion of the Bank's annual lending supports exports by a handful of large firms. In 1980, seven firms accounted for two-thirds of direct loans. Further, the Bank's subsidy to foreign borrowers results in a low rate of return to the U.S. economy and a drain on capital that reduces or eliminates the benefits from trade.

The administration's proposal will enable the Bank to offer substantial levels of credit to U.S. exporters; but credit terms will be less generous and credit will be more carefully targeted. In addition to benefiting from the regular, long-term direct loans, smaller U.S. exporters will continue to be assisted by the Bank's medium-term discount loan program. This component of the Bank's direct lending will be maintained at $400 million annually rather than eliminated as proposed by President Carter.

By restraining the growth of these programs, Federal outlays and the Federal deficit can be reduced by more than $6 billion over the next 5 fiscal years. At the same time, the objective of promoting exports will be supported at historically high levels. The changes will have only a nominal impact on the level of U.S. exports because first, previous credit levels were high; second, the direct loan program finances only 2 to 3 percent of U.S. exports; and third, as inflation and interest rates subside, the demand for the Bank's credit will fall.

I am sorry to report that the Budget Committee did not take President Reagan's advice. My amendment adopts President Reagan's recommendations. The Budget Committee took President Reagan's proposed cuts in Eximbank outlays for fiscal 1981, 1982, and 1983, and put back respectively, $14 million, $110 million, and $357 million for a total of $481 million, in the Eximbank budget. My amendment restores the Reagan budget cuts on outlays.

The Budget Committee also took President Reagan's proposed cuts on Eximbank budget authority for fiscal 1981, 1982, and 1983, and put back respectively $248 million, $665 million, and $723 million, for a total of $1.636 billion in the Eximbank budget. My amendment restores the Reagan budget cuts on authorizations.

Mr. President, I hope the Senate will support my amendment. It is important that the Senate not back off on President Reagan's proposed budget cuts. There is a lot at stake. Inflation, tax cuts, and perhaps even more importantly, fundamental fairness.

I urge an affirmative vote on this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. Mr. President, there are, it appears to me, two serious defects in the arguments of the Senator from Wisconsin who has, nevertheless, not only during this debate on the budget but over the years provided a conscience to the Senate in connection with the growth of Federal spending.

First and vitally important is that his amendment does not do what he proposes or what he claims for it. It does not restore this budget instruction to its original status when it was recommended by the President and by the Office of Management and Budget.

The Budget Committee did two things in connection with its work with the Banking Committee:

First, it did operate on an assumption of a smaller cut from the authority of the Export-Import Bank than did the President.

Second, however, the Budget Committee recommended or assumed cuts in

other programs subject to the jurisdiction of the Banking Committee which more than made up for its restoration of funds to the Export-Import Bank.

Should this amendment be adopted, the instructions to the Banking Committee will require it to cut far more deeply into the programs under its jurisdiction than the President asked Congress to do.

Unlike the first amendment proposed by the Senator from Wisconsin, which would at least in theory require of the Appropriations Committee exactly what the President wished it to do, this would treat the Banking Committee far more severely.

While it has been stated many times during the course of this debate, it requires reemphasis that no instructions as to particular programs are given to the standing committees of the Senate by this budget resolution. While both the Budget Committee and the action of the Senate on this floor may strongly influence the Banking Committee, the Finance Committee, the Appropriations Committee, and all of the other committees affected by this process, they are in no way bound, and can make such distribution of the requirements of the reconciliation resolution as they deem appropriate among programs subject to their jurisdiction. If this amendment is passed, cuts required of the Banking Committee will be perhaps greater than those required of any other committee in the Senate.

Second, the balance among programs proposed by the Budget Committee is appropriate and is, in my view, better than that proposed by OMB in the original form of this resolution.

The Export-Import Bank is properly used to meet or to help American corporations meet foreign competition based on subsidies which are far greater in most cases than are those provided by the Export-Import Bank itself.

Most of the beneficiaries of these loans are not sick corporations but corporations on the leading edge of our American technology, corporations which help immensely in at least keeping a reasonable balance of payments between exports and imports into the United States.

That technology is fueled to a great extent by sales to foreign companies. It is threatened seriously, very seriously, by foreign competition subsidized by the governments of the nations from which that competition comes, some by subsidies to private corporations in those nations, and some by corporations owned directly by foreign governments themselves.

Our alternative is a very simple one. If we clip the wings of the Export-Import Bank, we will very clearly lose sales of items which can compete fairly if we had a fair and equitable world economic order. We will lose employment of skilled people in advanced technology companies, and we will ultimately lose that technology. In almost every case it requires a large unit production before the type of activity which is financed by the Export-Import Bank becomes successful.

If we lose early sales we simply will not go on with the technology at all, and we will find ourselves foreclosed from major fields in which we now have national technological superiority.

Obviously, our long-range goals must be the termination of unfair competition on the part of our trading partners and our trading rivals throughout the world.

Query: Are we more likely to be able to end that form of unfair competition by bowing out of that competition entirely or by indicating that we are willing to meet fire with fire, to provide at least part of the subsidies which our trading rivals provide for their own companies?

Bluntly speaking, international trade is not under the sole and complete control of the United States. To a very significant degree we must meet that competition as it actually exists. There has been progress during the course of the last several years, particularly with the European Economic Community, toward moving to a world in which competition is fairer, freer, and less subsidized.

We can either continue to meet that competition and move toward those goals or withdraw from the field and find our economy far worse off than it is at the present time.

So both because of the importance of the Export-Import Bank to the economy of the United States and because this amendment does not restore the Banking Committee to the situation in which the President recommended it be after the passage of this resolution, the amendment should be rejected.

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

Mr. GORTON. Yes.

Mr. PROXMIRE. Does the Senator deny that the Kassebaum amendment passed? Does the Senator deny that the Budget Committee did reduce President Reagan's rescission by $14 million in 1981 outlays and, therefore, restore those millions of dollars, and restore $110 million in 1982, and restore $357 million in 1983 from President Reagan's recommended levels.

Mr. GORTON. The Senator does not only deny it, it was the point of the Senator's presentation that it was an appropriate change.

Mr. PROXMIRE. May I say to the Senator——

Mr. GORTON. What I did say was that in other areas the cuts proposed of the Banking Committee increased——

Mr. PROXMIRE. It had nothing to do with the Import-Export Bank. They made cuts in rural housing, they made cuts in consumer cooperatives, they made cuts in mass transit. It had nothing to do with the Export-Import Bank. They made recommendations which you support and I support. But what I did say was they did restore the cuts the Reagan administration made in the Export-Import Bank. That is all I said. Is that right or wrong? Is that not right?

Mr. GORTON. First, the Budget Committee cannot make cuts in specific programs. It can only make assumptions as to what the authorizing committee will actually do.

Mr. PROXMIRE. Everybody knows the Kassebaum amendment carried, and the Kassebaum amendment told the Banking Committee, "We recommend that the Reagan cuts be restored to the tune of $481 million in outlays and $1.6 billion in authority for 1981, 1982, and 1983."

Mr. GORTON. That is precisely what they meant to do, but the Budget Committee, in a very real sense, paid for it by asking for even greater cuts in other areas.

Mr. PROXMIRE. That had nothing to do with the Export-Import Bank.

Mr. GORTON. Under this amendment, if it passes, the Banking Committee will have considerably less authorization for the programs under its jurisdiction than it would have if the President's proposals had passed unchanged.

Mr. PROXMIRE. Why, of course. But the fact is if this amendment passes, nevertheless all of the committees will have more authorization than the Reagan administration recommended because there are other committees in other areas that the Budget Committee failed to cut. That is why my amendment, the last amendment I offered, was an attempt to restore those rescissions.

Mr. GORTON. The Senator from Wisconsin is not correct. If the budget resolution passes in the form in which it is before the Senate right now, we will have had a total net of greater cuts than the President recommended.

Mr. PROXMIRE. Down the way, in 1982 and 1983. I am talking about 1981.

Mr. GORTON. We are working on a 3-year proposition. The outyears are both larger and more important than 1981.

Mr. PROXMIRE. Well, may I say to my good friend from Washington he will learn as time goes on that those outyears have a way of disappearing, and if you are going to make cuts, you make them now, you make them at the present time.

Mr. President, I do hope that the Senate will recognize the wisdom of the President's recommendation, that we do make the cuts he recommended in the Export-Import Bank in view of the fact that it has grown enormously over the last few years.

Mr. President, I understand that I have—my time has expired, is that right?

The PRESIDING OFFICER. The Senator has a minute and a half.

Mr. PROXMIRE. Has the time on the other side expired?

The PRESIDING OFFICER. The opposition has about 36 seconds.

Mr. GORTON. I will yeld back the remainder of my time.

Mr. PROXMIRE. I understand under the unanimous-consent agreement that I may call up my other amendment on revenue sharing; is that correct?

The PRESIDING OFFICER. When all time has expired, that is the agreement.

Mr. PROXMIRE. It is my understanding that the distinguished Senator from Washington yielded back his 36 seconds?

Mr. GORTON. I did.

The PRESIDING OFFICER. The Senator yielded back his 36 seconds.

Does the Senator yield back his time?

Mr. PROXMIRE. I understood my time was exhausted.

The PRESIDING OFFICER. No, the Senator has not.

Mr. PROXMIRE. I yield back my time.

The PRESIDING OFFICER. Under the previous order, the Chair recognizes the Senator from Wisconsin.

AMENDMENT NO. 15 (AS MODIFIED)

(Purpose: To reduce budget authority for revenue sharing)

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an amendment numbered 15, as modified.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment, as modified, is as follows:

On page 7, line 15, strike out "$4,354,000,000" and insert in lieu thereof "$8,928,000,000".

On page 7, line 16, strike out "$8,832,000,000" and insert in lieu thereof "$12,264,000,000".

On page 7, line 17, strike out "$4,494,000,000" and insert in lieu thereof "$9,068,000,000".

On page 7, line 18, strike out "$10,870,000,000" and insert in lieu thereof "$15,444,000,000".

WHY REVENUE-SHARING FUNDS SHOULD BE CUT

Mr. PROXMIRE. Mr. President, the amendment would cut revenue-sharing funds by $4.574 billion in fiscal years 1982 and 1983 by amending the figures on lines 15 through 18 of page 7 of the bill. This would cut out the local revenue-sharing funds for fiscal years 1982 and 1983 covered by this bill.

The effect of my amendment is to instruct the Finance Committee to report changes in the laws within the jurisdiction of that committee in order to increase their savings by $4.575 billion, which is the amount of revenue sharing for the States for fiscal years 1982 and 1983.

NO REVENUE TO SHARE

Mr. President, the entitlement period for revenue sharing began in January 1972. The first payments were made on October 20, 1972, or in fiscal year 1973.

In that period, from fiscal year 1973 through fiscal year 1981—that is over the past 9 fiscal years—the Federal Government has run deficits which total $380 billion. In fiscal year 1982 we can expect another deficit of at least $45 to $50 billion. This means that in the period since revenue sharing began, the Federal Government has paid out from $4 to $6 billion a year to the States and localities during a 10-year period of time when it had a total deficit of $425 to $430 billion or an average yearly deficit of $42 to $43 billion.

The Federal Government had no revenue to share when this program began.

It has no revenue to share now.

And it will have no revenue to share in fiscal years 1982, 1983, 1984, and most probably in 1985.

As a matter of fact, the Joint Economic Committee chairman, HENRY REUSS, and Senator BRADLEY issued a joint statement today in which they estimate that in 1984 the Reagan deficit, which will be the first peacetime deficit we have ever had, will exceed $100 billion. That may not be true. We all hope it will not be true. I hope it will not be true very fervently. But we face that grim prospect unless we make cuts that we simply have to make that are unpopular and different and yet we have to make them.

Yet we continue the folly of sending back to the States $4.5 billion a year at a time of financial crisis for the U.S. Government, as the report of the Budget Committee so eloquently points out.

IRONIC ORIGINAL ASSUMPTION

When Walter Heller and Joseph Pechman first proposed revenue sharing—and they did propose it, I recall it so well; I was on the Joint Economic Committee when Walter Heller appeared and made the proposition. He said it was done on the assumption that because of a growing economy and rising real incomes, the existing income tax system would produce a higher and higher proportion of revenues for the Federal Government each year as both individuals and corporations paid more taxes or were thrown into higher tax brackets. They assumed a huge Federal surplus and addressed the problem of what to do with that surplus. It is fascinating that they assumed a surplus and every year since then we have had deficits. And the deficits, of course, have been great, with one exception, 1969.

They proposed, and Congress accepted under President Nixon's urging, the concept of revenue sharing.

But, as we have seen, there has been no revenue to share. Since 1960 there has been only 1 year of a Federal surplus, and that was a measly $3.2 billion in 1969. We have had 22 years with only one Federal surplus. I ask unanimous consent that a table from the President's 1981 Economic Report indicating the Federal deficits year by year be printed at this point in the RECORD.

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

TABLE B-71.—FEDERAL BUDGET RECEIPTS AND OUTLAYS, FISCAL YEARS 1929-82

[Millions of dollars]

Fiscal year	Receipts	Outlays	Surplus or deficit (−)
1929	3,862	3,127	734
1933	1,997	4,598	−2,602
1939	4,979	8,841	−3,862
1940	6,361	9,456	−3,095
1941	8,621	13,634	−5,013
1942	14,350	35,114	−20,764
1943	23,649	78,533	−54,884
1944	44,276	91,280	−47,004
1945	45,216	92,690	−47,474
1946	39,327	55,183	−15,856
1947	38,394	34,532	3,862
1948	41,774	29,773	12,001
1949	39,437	38,834	603
1950	39,485	42,597	−3,112
1951	51,646	45,546	6,100
1952	66,204	67,721	−1,517
1953	69,574	76,107	−6,533
1954	69,719	70,890	−1,170
1955	64,469	68,509	−3,041
1956	74,547	70,460	4,087
1957	79,990	76,741	3,249
1958	79,636	82,575	−2,939
1959	79,249	92,104	−12,855
1960	92,492	92,223	269
1961	94,389	97,795	−3,406
1962	99,676	106,813	−7,137
1963	106,560	111,311	−4,751
1964	112,662	118,584	−5,922
1965	116,833	118,430	−1,596
1966	130,856	134,652	−3,796
1967	149,552	158,254	−8,702
1968	153,671	178,833	−25,161
1969	187,784	184,548	3,236
1970	193,743	196,588	−2,845
1971	188,392	211,425	−23,033
1972	208,649	232,021	−23,373
1973	232,225	247,074	−14,849
1974	264,932	269,620	−4,688
1975	280,997	326,151	−45,154
1976	300,005	366,418	−66,413
Transition quarter	81,773	94,728	−12,956
1977	357,762	402,710	−44,948
1978	401,997	450,804	−48,807
1979	465,940	493,635	−27,694
1980	520,050	579,613	−59,563
1981 [1]	607,525	662,740	−55,215
1982 [1]	711,780	739,296	−27,516

[1] Estimates.

Note.—Under provisions of the Congressional Budget Act of 1974, the fiscal year for the Federal Government shifted beginning with fiscal year 1977. Through fiscal year 1976, the fiscal year was on a July 1-June 30 basis; beginning October 1976 (fiscal year 1977), the fiscal year is on an Oct. 1-Sept. 30 basis. The 3-mo period from July 1 through Sept. 30, 1976 is a separate fiscal period known as the transition quarter.

Data for 1929-39 are according to the administrative budget and those beginning 1940 according to the unified budget.

Refunds of receipts are excluded from receipts and outlays.

See "Budget of the United States Government, Fiscal Year 1982" for additional information.

Sources: Department of the Treasury and Office of Management and Budget.

STATE AND LOCAL GOVERNMENT SURPLUSES

Mr. PROXMIRE. During the entire period of time when revenue sharing has been in effect and when the Federal Government has run deficits every year to the tune of $425 billion, State and local governments have run surpluses. (The figure for the Federal deficit was $289 billion on national income and product accounts.)

In calendar years 1972 through 1980, the year for which latest figures are available, the total State and local government surpluses, on a national income and product basis were $167.2 billion, or an average of more than $18.5 billion in each of those 9 years.

The State and local governments run surpluses—surpluses—of over $167 billion. Think of that. And the Federal Government runs deficits and yet we provide them with revenue. Now, where

is the sense in that kind of distribution? If anything, it should be going the other way.

For the 7 fiscal years from 1972–73 to 1978–79, for which we have figures, State and local governments had net surpluses on a regular basis of $61 billion or almost $9 billion a year on regular account.

I ask unanimous consent that tables showing the Federal, State, and local surpluses or deficits on national income and product accounts and State and local deficits on a regular basis, be printed at this point in the RECORD.

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

TABLE B-73.—GOVERNMENT RECEIPTS AND EXPENDITURES, NATIONAL INCOME AND PRODUCT ACCOUNTS, 1929–80

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Calendar year or quarter	Total government			Federal Government			State and local government		
	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts	Receipts	Expenditures	Surplus or deficit (−), national income and product accounts
1929	11.3	10.3	1.0	3.8	2.6	1.2	7.6	7.8	−0.2
1933	9.3	10.7	−1.4	2.7	4.0	−1.3	7.2	7.2	−.1
1939	15.4	17.6	−2.2	6.7	8.9	−2.2	9.6	9.6	.0
1940	17.7	18.4	−.7	8.6	10.0	−1.3	10.0	9.3	.6
1941	25.0	28.8	−3.8	15.4	20.5	−5.1	10.4	9.1	1.3
1942	32.6	64.0	−31.4	22.9	56.1	−33.1	10.6	8.8	1.8
1943	49.2	93.3	−44.1	39.3	85.8	−46.6	10.9	8.4	2.5
1944	51.2	103.0	−51.8	41.0	95.5	−54.5	11.1	8.5	2.7
1945	53.2	92.7	−39.5	42.5	84.6	−42.1	11.6	9.0	2.6
1946	51.0	45.6	5.4	39.1	35.6	3.5	13.0	11.1	1.9
1947	56.9	42.5	14.4	43.2	29.8	13.4	15.4	14.4	1.0
1948	58.9	50.5	8.4	43.2	34.9	8.3	17.7	17.6	.1
1949	55.9	59.3	−3.4	38.7	41.3	−2.6	19.5	20.2	−.7
1950	69.0	61.0	8.0	50.0	40.8	9.2	21.3	22.5	−1.2
1951	85.2	79.2	6.1	64.3	57.8	6.5	23.4	23.9	−.4
1952	90.1	93.9	−3.8	67.3	71.1	−3.7	25.4	25.5	−.0
1953	94.6	101.6	−6.9	70.0	77.1	−7.1	27.4	27.3	.1
1954	89.9	97.0	−7.1	63.7	69.8	−6.0	29.0	30.2	−1.1
1955	101.1	98.0	3.1	72.6	68.1	4.4	31.7	32.9	−1.3
1956	109.7	104.5	5.2	78.0	71.9	6.1	35.0	35.9	−.9
1957	116.2	115.3	.9	81.9	79.6	2.3	38.5	39.8	−1.4
1958	115.0	127.6	−12.6	78.7	88.9	−10.3	42.0	44.3	−2.4
1959	129.4	131.0	−1.6	89.8	91.0	−1.1	46.4	46.9	−.4
1960	139.5	136.4	3.1	96.1	93.1	3.0	49.9	49.8	.1
1961	144.8	149.1	−4.3	98.1	101.9	−3.9	54.0	54.4	−.4
1962	156.7	160.5	−3.8	106.2	110.4	−4.2	58.5	58.0	.5
1963	168.5	167.8	.7	114.4	114.2	.3	63.2	62.8	.5
1964	174.0	176.3	−2.3	114.9	118.2	−3.3	69.5	68.5	1.0
1965	188.3	187.8	.5	124.3	123.8	.5	75.1	75.1	−.0
1966	212.3	213.6	−1.3	141.8	143.6	−1.8	84.8	84.3	.5
1967	228.2	242.4	−14.2	150.5	163.7	−13.2	93.6	94.7	−1.1
1968	263.1	269.1	−6.0	174.4	180.5	−6.0	107.3	107.2	.1
1969	296.7	286.8	9.9	196.9	188.4	8.4	120.2	118.7	1.5
1970	302.8	313.4	−10.6	191.9	204.3	−12.4	135.4	133.5	1.9
1971	322.6	342.0	−19.4	198.6	220.6	−22.0	153.0	150.4	2.6
1972	368.3	371.6	−3.3	227.5	244.3	−16.8	178.3	164.8	13.5
1973	413.1	405.3	7.8	258.6	264.2	−5.6	195.0	181.6	13.4
1974	455.2	460.0	−4.7	287.8	299.3	−11.5	211.4	204.6	6.8
1975	470.5	534.3	−63.8	287.3	356.6	−69.3	237.7	232.2	5.5
1976	538.4	574.9	−36.5	331.8	384.8	−53.1	267.8	251.2	16.6
1977	605.7	624.0	−18.3	375.1	421.5	−46.4	298.0	270.0	28.1
1978	681.6	681.9	−.2	431.5	460.7	−29.2	327.4	298.4	29.0
1979	765.2	753.2	11.9	494.4	509.2	−14.8	351.2	324.4	26.7
1980	834.2	869.0	−34.8	538.9	601.2	−62.3	382.6	355.0	27.6
1978:									
I	640.7	658.4	−17.7	398.6	447.4	−48.8	316.9	285.8	31.1
II	674.2	669.3	4.9	423.6	451.1	−27.4	328.0	295.7	32.3
III	691.2	690.0	1.1	440.9	463.7	−22.8	327.2	303.3	23.9
IV	720.5	709.7	10.8	462.7	480.6	−17.9	337.7	309.0	
1979:									
I	739.7	721.7	18.1	477.0	488.4	−11.5	340.9	311.4	29.5
II	750.9	737.0	13.9	485.9	494.0	−8.1	342.7	320.8	21.9
III	775.3	764.0	11.3	500.6	515.8	−15.2	355.4	328.9	26.5
IV	794.7	790.3	4.4	514.0	538.6	−24.5	365.6	336.7	28.9
1980:									
I	815.0	824.6	−9.6	528.4	564.7	−36.3	372.1	345.4	26.6
II	807.6	850.2	−42.5	520.9	587.3	−66.5	373.9	350.0	23.9
III	839.9	885.6	−45.6	540.8	615.0	−74.2	386.8	358.2	28.5

Note.—Federal grants-in-aid to State and local governments are reflected in Federal expenditures and State and local receipts. Total government receipts and expenditures have been adjusted to eliminate this duplication.

Source: Department of Commerce, Bureau of Economic Analysis.

TABLE B-76.—STATE AND LOCAL GOVERNMENT REVENUES AND EXPENDITURES, SELECTED FISCAL YEARS, 1927–79

[Millions of dollars]

Fiscal year [1]	General revenues by source [2]							General expenditures by function [2]				
	Total	Property taxes	Sales and gross receipts taxes	Individual income taxes	Corporation net income taxes	Revenue from Federal Government	All other [3]	Total	Education	Highways	Public welfare	All other [4]
1927	7,271	4,730	470	70	92	116	1,793	7,210	2,235	1,809	151	3,015
1932	7,267	4,487	752	74	79	232	1,643	7,765	2,311	1,741	444	3,269
1934	7,678	4,076	1,008	80	49	1,016	1,449	7,181	1,831	1,831	889	2,952
1936	8,395	4,093	1,484	153	113	948	1,604	7,644	2,177	1,425	827	3,215
1938	9,228	4,440	1,794	218	165	800	1,811	8,757	2,491	1,650	1,069	3,547
1940	9,609	4,430	1,982	224	156	945	1,872	9,229	2,638	1,573	1,156	3,862
1942	10,418	4,537	2,351	276	272	858	2,123	9,190	2,586	1,490	1,225	3,889
1944	10,908	4,604	2,289	342	451	954	2,269	8,863	2,793	1,200	1,133	3,737
1946	12,356	4,986	2,986	422	447	855	2,661	11,028	2,356	1,672	1,409	4,591
1948	17,250	6,126	4,442	543	592	1,861	3,685	17,684	5,379	3,036	2,099	7,170

TABLE B-76.—STATE AND LOCAL GOVERNMENT REVENUES AND EXPENDITURES, SELECTED FISCAL YEARS, 1927-79—Continued

[Millions of dollars]

Fiscal year [1]	General revenues by source [2]							General expenditures by function [2]				
	Total	Property taxes	Sales and gross receipts taxes	Individual income taxes	Corporation net income taxes	Revenue from Federal Government	All other [3]	Total	Education	Highways	Public welfare	All other [4]
1950	20,911	7,349	5,154	788	593	2,486	4,451	22,787	7,177	3,803	2,940	8,867
1952	25,181	8,652	6,357	998	846	2,566	5,763	26,098	8,318	4,650	2,788	10,342
1953	27,307	9,375	6,927	1,065	817	2,870	6,252	27,910	9,390	4,987	2,914	10,619
1954	29,012	9,967	7,276	1,127	778	2,966	6,897	30,701	10,557	5,527	3,060	11,557
1955	31,073	10,735	7,643	1,237	744	3,131	7,584	33,724	11,907	6,452	3,618	12,197
1956	34,667	11,749	8,691	1,538	890	3,335	8,465	36,711	13,220	6,953	3,139	13,399
1957	38,164	12,864	9,467	1,754	984	3,843	9,250	40,375	14,134	7,816	3,485	14,940
958	41,219	14,047	9,829	1,759	1,018	4,865	9,699	44,851	15,919	8,567	3,818	16,547
959	45,306	14,983	10,437	1,994	1,001	6,377	10,516	48,887	17,283	9,592	4,136	17,876
1960	50,505	16,405	11,849	2,463	1,180	6,974	11,634	51,876	18,719	9,428	4,404	19,325
1961	54,037	18,002	12,463	2,613	1,266	7,131	12,563	56,201	20,574	9,844	4,720	12,063
1962	58,252	19,054	13,944	3,037	1,308	7,871	13,489	60,206	22,216	10,357	5,084	22,549
1963	62,890	20,089	14,456	3,269	1,505	8,722	14,850	64,816	23,776	11,136	5,481	24,243
1962-63 [5]	62,269	19,833	14,446	3,267	1,505	8,663	14,556	63,977	23,729	11,150	5,420	23,678
1963-64 [5]	68,443	21,241	15,762	3,791	1,695	10,002	15,951	69,302	26,286	11,664	5,766	25,586
1964-65 [5]	74,000	22,583	17,118	4,090	1,929	11,029	17,250	74,546	28,563	12,221	6,315	27,447
1965-66 [5]	83,036	24,670	19,085	4,760	2,038	13,214	19,269	82,843	33,287	12,770	6,757	30,029
1966-67 [5]	91,197	26,047	20,530	5,826	2,227	15,370	21,197	93,350	37,919	13,932	8,218	33,281
1967-68 [5]	101,264	27,747	22,911	7,308	2,518	17,181	23,598	102,411	41,158	14,481	9,857	36,915
1968-69 [5]	114,550	30,673	26,519	8,908	3,180	19,153	26,118	166,728	47,238	15,417	12,110	41,963
1969-70 [5]	130,756	34,054	30,322	10,812	3,738	21,857	29,971	131,332	52,718	16,427	14,679	47,508
1970-71 [5]	144,927	37,852	33,233	11,900	3,424	26,146	32,374	150,674	59.413	18,095	18,226	54,940
1971-72 [5]	166,352	42,133	37,488	15,237	4,416	31,253	35,826	166,873	64,886	19,010	21,070	61,907
1972-73 [5]	190,214	45,283	42,047	17,994	5,425	39,256	40,210	181,227	69,714	18,615	23,582	69,316
1973-74 [5]	207,670	47,705	46,098	19,491	6,015	41,820	46,541	198,959	75,833	19,946	25,085	78,096
1974-75 [5]	228,171	51,491	49,815	21,454	6,642	47,034	51,735	230,721	87,858	22,528	28,155	92,180
1975-76 [5]	256,176	57,001	54,547	24,575	7,273	55,589	57,191	256,731	97,216	23,907	32,604	103,004
1976-77 [5]	285,796	62,535	60,595	29,245	9,174	62,575	61,673	274,388	102,805	23,105	35,941	112,537
1977-78 [5]	315,960	66,422	67,596	33,176	10,738	69,592	68,436	296,983	110,758	24,609	39,140	122,476
1978-79 [5]	343,278	64,944	74,247	36,932	12,128	75,164	79,864	327,517	119,448	28,440	41,898	137,731

[1] Fiscal years not the same for all governments. See footnote 5.
[2] Excludes revenues or expenditures of publicly owned utilities and liquor stores, and of insurance-trust activities. Intergovernmental receipts and payments between State and local governments are also excluded.
[3] Includes licenses and other taxes and charges and miscellaneous revenues.
[4] Includes expenditures for health, hospitals, police, local fire protection, natural resources, sanitation, housing and urban renewal, local parks and recreation, general control, financial administration, interest on general debt, and unallocable expenditures.
[5] Data for fiscal year ending in the 12-mo period through June 30. Data for 1963 and earlier years include local government amounts grouped in terms of fiscal years ended during the particular calendar year.

Note.—Data are not available for intervening years.

Source: Department of Commerce, Bureau of the Census.

(Mr. GARN assumed the chair.)

Mr. PROXMIRE. In recent years the State and local surpluses became so high that State after State reduced their sales, income, or property taxes at the same time the Federal Government was going broke, and while the Federal Government was paying about $6 billion a year to the States and localities in general revenue-sharing funds.

In 1979, for example, in more than 40 States, State and local governments gave some form of tax reduction—by rate reductions, base reductions, or indexing the personal income tax; by rate or base reductions in the general sales taxes; or by reducing the rates or constraining assessments in the property tax.

In my own State of Wisconsin, for example, there was such a large surplus that the Governor campaigned, when he was running for election against the incumbent Democratic Governor, that the Democrats had been too conservative, had created too big a surplus; that it was embarrassing. He campaigned that he, as a Republican Governor, would return the surplus to the taxpayers of the State. He did that. He had equaled the State's share of Federal revenue sharing for a period of 19 years. That tax cut was equivalent to 19 years of revenue sharing.

Now, the States and localities say they may be in trouble and that they need their revenue-sharing funds. But if there is a need, it is due, in large part or only, because they have given vast surpluses back to their taxpayers at a time when the Federal Government has been hundreds of billions of dollars in the red.

I ask unanimous consent that a table showing selected tax reductions and restrictions for 1979 be printed in the RECORD at this point.

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

TABLE 1.—SELECTED TAX REDUCTIONS AND RESTRICTIONS 1979

	State personal income tax			State general sales tax		Local property tax			
	Rate reduction	Base reduction	Indexation	Rate reduction	Base reduction	Homeowner tax relief	Rate of levy limit	Assessment constraint	Truth-in-taxation
Arizona		X [2]						X	
Arkansas					X	Limited			
California		X [2]	X [a]						
Colorado		X [1,2]			X				
Delaware	X								
District of Columbia						General [1,2]			
Florida						do [b]	X		
Georgia					X	Limited [c]			
Idaho								X	
Illinois				X					
Indiana	X	X [1,2]				General [1]			
Iowa		X [1,2,3]	X			do [2]			
Kansas		X [1,2]			X	do [3]			
Kentucky					X		X		X
Louisiana		X [2]							
Maryland		X [1,2]			X	General [2]			
Massachusetts		X [1]					X		
Michigan		X [2]					X		
Minnesota	X	X [1,2]	X		X	General [2] Limited.		X	
Mississippi		X [1]			X				
Missouri		X [2]			X	Limited			
Montana		X [1]				General [1]			
Nebraska	X								
Nevada					X	Limited	X		

TABLE 1.—SELECTED TAX REDUCTIONS AND RESTRICTIONS 1979—Continued

	State personal income tax			State general sales tax		Local property tax			
	Rate reduction	Base reduction	Indexation	Rate reduction	Base reduction	Homeowner tax relief	Rate of levy limit	Assessment constraint	Truth-in-taxation
New Mexico		X[2]					X		
New York	X	X[2]			X				
North Carolina		X[1]							
North Dakota		X[2]				Limited			
Ohio						do			
Oklahoma		X[1]				General[2]			
Oregon		X[1,2,3]				Limited			
Pennsylvania			X[b]			General[1,2]		X	
Rhode Island		X[2]				Limited			
South Carolina				X[d]		do			X
South Dakota				X		do			
Tennessee									
Texas						Limited			X
Utah		X[2]				General[1,2]			
Vermont	X	X[2]				Limited.			
Virginia								X	
Washington									X[e]
West Virginia				X[f]		Limited			
Wisconsin	X	X[1,2,3]	X		X				
Wyoming					X	General[1,2]			
						do[1]			

Legend:
State personal income tax "base reduction":
1 = New or expanded exemptions or deductions.
2 = New or expanded credits (including renters' property tax credit).
3 = Rebates.
Local property tax "homeowner tax relief":
General[1] = New or expanded tax relief with no age or income restrictions.
General[2] = New or expanded tax relief with income restrictions.
Limited = New or expanded tax relief with age or disability qualifications.

(a) The 3 percent threshold in the personal tax inflation adjustment factor was eliminated.
(b) Pending voter approval of proposed constitutional amendment.
(c) The legislature approved several proposed constitutional amendments which, if approved by the voters, would provide tax relief in individual Georgia counties.
(d) The sales tax on residential fuel will be phased out over next 3 yr.
(e) Tightened restrictions on existing truth-in-taxation law.
(f) Sales tax on food to be phased out over next 2 yr.

Source: ACIR staff compilations based on Commerce Clearing House. State Tax Reporter.

NOT A TAX BUT AN OPEN-ENDED APPROPRIATION

Mr. PROXMIRE. Revenue sharing is misnamed. We are not sharing revenues with the States. We are providing an open-ended appropriation to them.

The Federal Government has not levied a set of taxes which raised revenues which we are returning to the States. When revenue sharing began no new taxes were imposed at all. It is not like the highway trust fund or the windfall profit tax on the oil companies or user fees charged to the barge lines or for drilling offshore oil. We did not add a new tax on the States or localities and then return it to them.

Instead, we appropriated the funds out of existing taxes. That is the economic and legislative effect, even though the program is called revenue sharing, has a hollow shell of a trust fund surrounding it, and is provided by the taxing committees.

It is not a tax which is returned. It is an appropriation from the general funds of the Treasury which is given to the States.

While I do not raise any jurisdictional dispute at this time, the program should have been legislated by the Government Operations or the Banking Committee to the cities and the funds provided annually by the Appropriations Committee.

But that is past history and behind us. But such procedures would more nearly square with reality.

THOSE WHO SPEND MONEY SHOULD RAISE IT

There is something else fundamentally wrong with revenue sharing. It violates one of the first principles of government finance; namely, that those who spend money, in order to remain accountable, should have to raise the money.

What we have now is the spectacle of Presidents and Congressmen providing the funds to the States to spend virtually as they please.

The mayors love it. We raise the money. We take the heat either for high taxes or excessive deficits. And they get to spend the money with virtually no strings attached.

One witness called this like underworld money. You put it on the stump and run. Of course, they think it is a wonderful program. And, for them, it is. That is why there is such a lobby down here of State and local officials demanding their revenue-sharing money. But the public does not support it. It is a program for officialdom.

PUT IT ON THE STUMP AND RUN

This leads to a lack of accountability in the program. It is like the old gambling money, "Put it on the stump and run." Study after study has shown that no one really knows where the money goes or what is done with most of it. The League of Women Voters made a 2-year study of this program and they found a very, very large proportion of State legislators, Governors, and the press that covered the State legislature could not say where the money went. No accountability. And that is the worst aspect of it. There is one good saving discipline about Government spending money, especially at the local level. That is the taxpayer can come in and challenge it and say, "This is my money. I want you to justify it." But you cannot do that with revenue sharing money because it has a way of just disappearing without accountability.

While in some States it is earmarked for specific purposes, like the schools, in local area after local area, no one knows what it goes for.

And time after time we have heard reports that localities would say, "We can't spend our own money for that fire station or swimming pool, or tennis court. Let's take it out of the revenue-sharing money."

CALL A HALT

Well, the time has come to call a halt. This Government faces a fiscal crisis. We have double-digit inflation.

Interest rates are at unprecedented heights.

The Federal Government has a massive deficit. The national debt will soon exceed $1 trillion.

President Carter campaigned on a balanced budget, and never got one.

President Reagan campaigned on a balanced budget, but now says it will not occur until his fourth year and he will have to be mighty lucky, as his Secretary of the Treasury admitted, if it happens then.

As I just pointed out, two distinguished Democrats, Senator BRADLEY and Congressman REUSS, argue that Reagan faces a $100 billion deficit in 1984.

The Senator from Nebraska (Mr. EXON) brought out at the Budget Committee markup, that if the overly optimistic inflation rate assumed by the administration for fiscal year 1985 does not happen, there will be at least in $8.5 billion deficit in that year.

Meanwhile the States and localities have run surpluses on an income and product account basis averaging $18.5 billion a year and have given massive tax cuts to their citizens.

We have no revenue to share.

The purposes for which the money is used are vague and often of very low priority.

As those who spend the money do not have to raise it, there is an absence of fiscal accountability that should be required of every public official and of every level of government.

The time to end so-called revenue sharing is now.

That is what my amendment would do.

I urge Members to back it and support it. Now.

Mr. President, having said all that, let me just say I did get through the second grade, I can count, and I realize that the votes are not there. While I feel very fervently that we should abolish this program, I recognize that it would be a

waste of time to have a rollcall on it so I will withdraw my amendment.

Mr. ROBERT C. BYRD. Mr. President, I hope the Senator will withhold that.

Mr. PROXMIRE. I am happy to accommodate the Senator.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator.

I have listened with interest to his statement. I certainly support the elimination of the State revenue-sharing program, but I oppose the elimination of the general revenue-sharing local share allocation. While I agree that we must eliminate those programs that have not fulfilled their expected function, and that are not as essential as others, the general revenue-sharing program's local share allocation does not fall into either of these categories.

Mr. President, I know that the distinguished Senator has stated that he intends to withdraw the amendment and that he can count, that he recognizes the arithmetic of the votes, whether it is by the new math or by the old. But he has made some statements in opposition to the local sharing allocation and I think that some of those of us who are opposed to this amendment, who support local revenue sharing, ought to say on the record what we have on our minds with respect to this program and ought to make a defense of it on the record right now. I do not think we should let the statements by the distinguished Senator from Wisconsin go unchallenged. It is for that reason that I take the floor at this time. I appreciate the fact that he is withholding the withdrawal of the amendment at this point. But even if he did so, there are some of us who would like to speak out on this subject and we intend to do so.

The general revenue-sharing program began in 1972 under the Nixon administration. It is based on the concept that the Federal Government is best equipped to collect taxes and redistribute them through a form of entitlement to local governments. Based on a fair and equitable formula, it takes into consideration population, local tax effort, and per capita income. The program was not designed to reward local governments derelict in their duty and it does not work that way. The formula assures that those local governments that try their best to provide adequate services will be assisted by the program.

Local revenue-sharing funds may be used for any legal purpose under State and local laws. In West Virginia, they are typically used for public facilities such as water and sewer systems, courthouse and municipal office building construction, nursing home construction, construction of low- to moderate-income family housing, and public service employment. Since the program's implementation, almost $42 billion has been allocated to local governments nationally, for such purposes and some $383 million has been awarded to local governments in West Virginia.

From the beginning, the concept was, and remains today, in accord with those aims expressed by the present administration, that more than 39,000 jurisdictions could best make a determination of how to spend their allocated funding. Through the process of local citizen-participation hearings, local governments learn the needs of the local communities and citizens have an opportunity to influence how those expenditures are to be made. This is a continuation of the concept of local autonomy.

Last December the Senate voted overwhelmingly—by a vote of 80 to 3—to extend the general revenue sharing program's local share allocation at the rate of $4.6 billion per year through 1983. The legislation was subsequently enacted into Public Law 96-604.

In reliance upon the continuation of this essential program—which received such broad support in the Senate and in the Congress last year—local governments across this Nation have included in their projected budgets for fiscal year 1982 the anticipated allocations from this program. Withdrawal of funding at this crucial time would place their budgets in havoc, and would result in deficits—which must translate to the loss of essential community programs and services—for which there is no available, alternative funding source.

Some have argued that the revenue sharing program was adopted as a method of sharing the Federal surplus with State and local governments. In fact, however, the Federal deficit in fiscal year 1973—which was the first year that revenue-sharing payments were made—was equal to more than 6 percent of total outlays. A deficit amounting to the same percentage of total outlays in fiscal year 1982 would be about $47 billion—roughly the amount projected in the administration's budget proposal.

This program has consistently enjoyed bipartisan support throughout its existence. It was proposed originally by a Republican President and enacted by a Democratic Congress. President Reagan has unequivocally supported the local share program. It is the only program that provides Federal assistance to virtually every local government in the Nation.

Mr. President, the revenue-sharing program is a cornerstone of the Federal grant-in-aid system. In particular the local share program has worked. It has worked well, and it deserves to be retained at the fully funded level.

Mr. President. I have yielded such time as I have used from time on the resolution.

Mr. GORTON. Mr. President, the distinguished minority leader is entirely correct. This amendment having been placed before the Senate, it is appropriate to give the arguments against it even though it is going to be withdrawn. I will do so very briefly and I will then yield time from the amendment to the Senator from Tennessee and the Senator from West Virginia if they wish me to do so.

I do not believe arguments against general revenue sharing were valid 2 or 3 years ago when the fiscal condition of the States and many local communities was better than many are today. Whatever their weakness at that time, the arguments against this program are infinitely weaker today. I do not believe that there are any significant number of major local governments in the United States which are awash in money.

The program has already abandoned the States and now applies only to local governments, which are a key to the federalism which this administration proposes to revive. A key element in the new idea of block grants is that both the States and the local governments be granted more authority to meet their own problems in their own way, but a key toward solving the budget crunch with which this Nation is faced is that there will be fewer dollars in these block grants than there are in current categorical aid grant programs.

That drop in dollars, ignoring the effects of inflation, will be greater than the entire amount proposed for revenue sharing with local communities in this budget. Those local communities need encouragement in order to meet the greater responsibilities which are going to be thrust upon them.

They need the money to meet Federal regulations in myriad programs which Congress has authorized but has not fully funded.

Mr. President, this program has already been cut substantially. It is vitally important for the survival of local government that it be retained. Whatever the situation may have been 2 or 3 years ago, these governments are now in desperate need of funds in order to meet the minimum requirements of their citizens.

The Senator from Wisconsin speaks of the fact that, always, the right to spend money should be connected with the duty to raise money. Yet almost no local government has ever found itself in that position. The precedent for States sharing their revenues with local governments is well established. It has been in existence as long as the Nation itself has been in existence. That the single area of our Government best able to raise money should recognize the problems which it has created for local governments and help in a small way to defray those costs through this most successful program is evident, I think, to the great majority of Members of this body.

Mr. President, I now yield 5 minutes to the Senator from Tennessee.

Mr. SASSER. Mr. President, I am opposed to the amendment of the Senator from Wisconsin (Mr. PROXMIRE) which would cut out $4.574 billion in local revenue sharing.

This money has been duly authorized for a 3-year period as a result of the renewal of the general revenue sharing program passed by Congress last year.

At that time, we had considerable debate over the value and merit of the revenue-sharing program and, ultimately, we made the decision to cut out $2.3 billion in that program in payments that go to State government. We made that decision, after considerable debate and with some opposition from this Senator, because we felt that many States had the ability to withstand the loss of State revenue sharing.

In my State of Tennessee, that meant we had to deny the State government some $42 million in revenue sharing—

money that it could have used to keep sales and gasoline taxes down while still keeping essential services intact. Many of us in Senate supported an amendment to the revenue-sharing program which would have allowed us to keep 40 percent of the State share of revenue sharing intact. That amendment passed the Senate but was not contained in the final version of the general revenue-sharing reauthorization.

Mr. President, this amendment would strike at the heart of local government finances throughout the Nation in the years ahead. These local governments now expect, because of the fact that revenue sharing is financed from a trust fund, stable allocations of revenue-sharing money in the next 3 years ahead. If we undo our work of last year, local governments will have, in an unexpected fashion, to raise local sales and property taxes in the very near future.

Mr. President, at a time when all levels of government are making an effort to keep spending down, the Proxmire amendment on local revenue sharing would result in a considerable increase of local taxes, especially in poorer urban and rural jurisdictions which use this money to finance essential services.

In my State, this would mean that, statewide, local property or sales taxes would have to be raised by more than $90 million for 1982 and several years thereafter. This is unacceptable to me and to the local taxpayers in my State.

Finally, I object to this amendment because we are cutting the Federal aid program that has done the most to foster a stable grant-in-aid system among Federal and local governments. Revenue sharing comes without the many strings of other categorical grants. It is used in accordance with local priorities. It can be used to finance essential services or keep local taxes down—both worthy goals for local government.

Mr. President, we are engaged here in cutting the Federal budget without, at the same time, creating fiscal chaos for local governments. Passage of the Proxmire amendment to cut local revenue sharing would create such fiscal chaos, and I hope that my colleagues join with me in defeating this amendment.

Mr. GORTON. Mr. President, I yield 7 minutes to the Senator from West Virginia.

Mr. PROXMIRE. Will the Senator from West Virginia yield until I get the yeas and nays on the other two amendments?

Mr. RANDOLPH. Yes, indeed.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may ask for the yeas and nays on the other two amendments I called up.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Is there a sufficient second on both amendments? There is a sufficient second.

The yeas and nays were ordered.

Mr. RANDOLPH. Mr. President, I do not want to be disrespectful on this subject of the amendment of the Senator from Wisconsin (Mr. PROXMIRE), but I wish he would, in a sense, stand and take his medicine, as we did on the EDA amendment of yesterday. We knew that we were not going to win on EDA. Yet we had a rollcall vote in the Senate of the United States on that subject and other programs in which we believe very strongly and have come to support. Yet we knew that we were not going to win. I am a little surprised that the Senator is dropping this matter without giving his colleagues the opportunity to express themselves, either in support of the amendment or against it.

Mr. PROXMIRE. If the Senator would yield, that would be against my religion. I know I am going to take a licking and I do not want to take it. So I am going to withdraw the amendment.

I appreciate the Senator's appeal.

Mr. RANDOLPH. Mr. President, that is a frank statement. Only in good humor do we mention a situation like this, although it has some substance to it.

Mr. President, the amendment of the Senator from Wisconsin, which is to be withdrawn, is an unwise attack on a program that has enabled local communities to make sound investments for the present and for the future of the men, women, and children who live in those communities. The Federal revenue-sharing program contains two elements which, in my judgment, constitute the type of Federal response we must look to as we plan for the future. It gives flexibility to local governments to determine their needs—not Washington determining those needs, but the local communities—and to generally allocate funds to meet these specific needs within the communities of West Virginia and throughout the other States.

Further, I believe that it is important to state that revenue-sharing programs require the opportunity for citizens to participate in the decisionmaking process. I think this is a highly important point and in line with the thinking generally of my colleague who is withdrawing the amendment. Revenue sharing is a sound concept which has been studied and debated and supported in Congress—not in the last few minutes, not in the last few days, but over a period of several years.

If the Members of Congress have been wrong in this action in both the House and the Senate, they certainly have been wrong by a very considerable majority. I think that it is important for the RECORD to reflect this support which the Congress has given to revenue sharing.

Mr. President, our communities in the hills of West Virginia and in the lake regions of Wisconsin have developed extensive public service programs and facilities through revenue sharing. Certainly, we all know the value of adequate water systems in communities in which we live and of sewage treatment systems, as they have been developed in our State of West Virginia and every State.

Are we interested in good health care facilities, better quality of housing, recreation, and including libraries, in the communities in which the people of America live? Certainly we are and revenue sharing has served many of these purposes.

Additionally, the ability of towns and cities to deliver vital services such as police and fire protection have been enhanced through revenue sharing.

Mr. President, I speak slowly now but very earnestly. After having drastically reduced the categorical assistance to local governments in the pending budget resolution, it would be tragic for this body, to now remove revenue-sharing funds from them.

The PRESIDING OFFICER. The Senator's 7 minutes have expired.

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

Mr. GORTON. I yield.

Mr. DOLE. Mr. President, the Senator from Wisconsin proposes to increase the savings instruction to the Finance Committee to reflect a proposal to eliminate payments to local governments under Federal general revenue sharing. Senator PROXMIRE is concerned that we spend Federal revenues only in the areas of highest priority, and that we get maximum value for every Federal dollar spent. It is because I share that concern that I must oppose this amendment, and urge that it be rejected.

Mr. President, late last year we renewed general revenue sharing for 3 years. We did so because the program has proved to be cost effective and efficient to administer, particularly in comparison with the wide array of categorical grant programs that also channel funds to local and, in some cases, State governments. At the same time, we insured budget savings in the program by requiring that State governments, in order to qualify for revenue-sharing funds, agree to forgo an equivalent dollar amount in other Federal grant funds. This means that, in terms of total spending, $2.3 billion per year has already been saved out of the revenue-sharing program. That would suggest that we ought to proceed with caution when considering further cuts in revenue sharing.

The situation is further complicated when we consider the fiscal situation of local governments over the next few years. The Reagan administration is committed to restoring State and local control on matters of public policy wherever possible, because the Federal Government is often ill equipped to make decisions that take into account differing local conditions and circumstances.

As part of this process, President Reagan has proposed consolidating many existing grant programs into block grants, with reduced funding to reflect, in part, the reduced paperwork burden and administrative cost associated with the grant-making process. In addition, the budget savings proposed by President Reagan in a number of areas will affect local governments. While we are in the midst of this transition period, there seems little sense in cutting back on general purpose assistance to local governments.

Mr. President, President Reagan did not recommend elimination of revenue sharing for local governments, and I am convinced that he did not do so because revenue sharing is consistent with the principles of federalism that the President has stated so often. The most responsive level of government is that

which is closest to the day-to-day concerns of the people, and we ought to work toward giving governments the maximum flexibility in dealing with local problems. Over the next few years, we may succeed in working toward the point where all Federal aid to local governments is in the form of block grants directed to particular areas of concern, such as education, but with spending decisions made for the most part at the local level. But until we reach that point, there is no reason to eliminate a program of general purpose assistance that is working remarkably well.

I believe the Senator from Wisconsin shares my feelings that the power to tax and the power to spend ought, ideally, to be linked. But where there is a general national purpose at stake, it is appropriate for Federal revenues to be directed to the local level and spent by local authorities, provided that localities are allowed maximum flexibility in making their spending decisions. Such a system of shared responsibility is not only sensible, it virtually is mandated by our federal system of government. I hope that we will move over the next few years to reduce both Federal taxes and the Federal role in our economy, and that will help make State and local governments more responsible and more responsive. But this is not an appropriate time to eliminate a program that spends Federal dollars as efficiently as revenue sharing does.

Mr. President, I urge my colleagues to reject the amendment proposed by the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Under the previous order, the question recurs on the amendment of the Senator from Wisconsin.

Mr. BAKER. Mr. President, before the rollcall starts, I have a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BAKER. Is the second vote of the two votes that are stacked a 10-minute vote?

The PRESIDING OFFICER. The Senate does not have an order to that effect.

Mr. BAKER. I ask unanimous consent that the second vote be a 10-minute vote.

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

VOTE ON UP AMENDMENT NO. 43

The question is on agreeing to the amendment of the Senator from Wisconsin, UP No. 43. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. WILLIAMS) is necessarily absent.

The PRESIDING OFFICER. Are there any Senators in the Chamber wishing to vote?

The result was announced—yeas 15, nays 81, as follows:

[Rollcall Vote No. 65 Leg.]

YEAS—15

Boren	Heflin	Proxmire
Byrd, Harry F., Jr.	Hollings	Roth
DeConcini	Humphrey	Sasser
Dixon	Nickles	Zorinsky
Grassley	Nunn	
	Percy	

NAYS—81

Abdnor	Exon	McClure
Andrews	Ford	Melcher
Armstrong	Garn	Metzenbaum
Baker	Glenn	Mitchell
Baucus	Gorton	Moynihan
Bentsen	Hart	Murkowski
Biden	Hatch	Packwood
Boschwitz	Hatfield	Pell
Bradley	Hawkins	Pryor
Bumpers	Hayakawa	Quayle
Burdick	Heinz	Randolph
Byrd, Robert C.	Helms	Riegle
Cannon	Huddleston	Rudman
Chafee	Inouye	Sarbanes
Chiles	Jackson	Schmitt
Cochran	Jepsen	Simpson
Cohen	Johnston	Specter
Cranston	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Kennedy	Stevens
Denton	Laxalt	Symms
Dodd	Leahy	Thurmond
Dole	Levin	Tower
Domenici	Long	Tsongas
Durenberger	Lugar	Wallop
Eagleton	Matsunaga	Warner
East	Mattingly	Weicker

NOT VOTING—4

Goldwater	Pressler	Williams
Mathias		

So Mr. PROXMIRE's amendment (UP No. 43) was rejected.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 14

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 14) proposed by the Senator from Wisconsin concerning the Export-Import Bank. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. WILLIAMS) is necessarily absent.

The PRESIDING OFFICER (Mr. HATFIELD). Are there any Senators in the Chamber desiring to vote who have not done so?

The result was announced—yeas 20, nays 76, as follows:

[Rollcall Vote No. 66 Leg.]

YEAS—20

Boren	Dodd	Mitchell
Burdick	Dole	Nickles
Byrd, Harry F., Jr.	Exon	Nunn
Cohen	Heflin	Proxmire
Cranston	Helms	Riegle
DeConcini	Huddleston	Stennis
	Humphrey	Zorinsky

NAYS—76

Abdnor	Gorton	Moynihan
Andrews	Grassley	Murkowski
Armstrong	Hart	Packwood
Baker	Hatch	Pell
Baucus	Hatfield	Percy
Bentsen	Hawkins	Pryor
Biden	Hayakawa	Quayle
Boschwitz	Heinz	Randolph
Bradley	Hollings	Roth
Bumpers	Inouye	Rudman
Byrd, Robert C.	Jackson	Sarbanes
Cannon	Jepsen	Sasser
Chafee	Johnston	Schmitt
Chiles	Kassebaum	Simpson
Cochran	Kasten	Specter
D'Amato	Kennedy	Stafford
Danforth	Laxalt	Stevens
Denton	Leahy	Symms
Dixon	Levin	Thurmond
Domenici	Long	Tower
Durenberger	Lugar	Tsongas
Eagleton	Matsunaga	Wallop
East	Mattingly	Warner
Ford	McClure	Weicker
Garn	Melcher	
Glenn	Metzenbaum	

NOT VOTING—4

Goldwater	Pressler	Williams
Mathias		

So Mr. PROXMIRE's amendment (No. 14) was rejected.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order of business, the Senator from Arizona is recognized.

UP AMENDMENT NO. 41

(Purpose: To increase the level of savings to be reported by the Senate Committee on Governmental Affairs)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI), for himself, Mr. BOREN, Mr. PRYOR, Mr. DIXON, Mr. RIEGLE, and Mr. RANDOLPH proposes an unprinted amendment numbered 41.

Mr. DECONCINI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 22, strike out lines 4 through 13, and insert the following:

"SEC. 11. The Senate Committee on Governmental Affairs shall report changes in laws to modify programs within the jurisdiction of that Committee which would reduce the costs to the Government resulting from waste, fraud, and abuse; administrative, non-

defense related travel and transportation; consultant services; public affairs, public relations, public information, and Government advertising; audiovisual and film-making activities; and uncollected Federal debts. Savings in appropriations and expenditures from trust funds from such statutory changes shall be $3,900,000,000 in budget authority and $1,700,000,000 in outlays in fiscal year 1982 and $1,000,000,000 in budget authority and $2,000,000,000 in outlays in fiscal year 1983."

Mr. DECONCINI. Mr. President, I ask unanimous consent that the Senator from Tennessee (Mr. SASSER), and the Senator from Delaware (Mr. BIDEN), be added as cosponsors.

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

Mr. DECONCINI. Mr. President, over the past 2 weeks a number of amendments have been offered on the floor of the Senate that would offset recommended add-ons——

Mr. DOMENICI. Mr. President, could we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator will suspend until the Senate is in order.

TIME LIMITATION AGREEMENT

Mr. BAKER. Will the Senator from Arizona yield to me on my time and not his?

Mr. DECONCINI. I yield.

The PRESIDING OFFICER. The Senate will be in order. The Senator from Tennessee is recognized.

Mr. BAKER. Might I inquire of the distinguished minority leader if there is some possibility that we could, by unanimous consent, shorten the time allocated to the remaining amendments, or any of the amendments that remain to be disposed of?

Mr. ROBERT C. BYRD. Mr. President, I have tried to find out from Senators how many amendments remain on this side of the aisle. Do I understand there will be further amendments on the other side?

Mr. BAKER. Mr. President, as far as we know, there is one more amendment to be offered on this side, an amendment by the Senator from North Carolina (Mr. HELMS).

Mr. ROBERT C. BYRD. Mr. President, I have been able to get from my side of the aisle the following suggested time limitations, and I present them to the majority leader for his consideration.

On an amendment by Mr. METZENBAUM dealing with water projects, 30 minutes to be equally divided.

On an amendment by Mr. METZENBAUM dealing with tobacco subsidies, 30 minutes to be equally divided.

On an amendment by Mr. TSONGAS dealing with urban development assistance, 30 minutes equally divided.

On an amendment by Mr. RIEGLE dealing with unemployment insurance, 30 minutes equally divided.

On an amendment by Mr. MOYNIHAN—and this is referred to as the equal sacrifice amendment—30 minutes equally divided.

On an amendment by Mr. MOYNIHAN dealing with Puerto Rico, 30 minutes equally divided.

Mr. BIDEN. Mr. President, I have an amendment on low-income energy assistance. I would be willing to have 10 minutes equally divided.

Mr. BUMPERS. I have an amendment. I am reluctant to agree to a time on it but I feel certain we can dispose of it in 30 minutes.

Mr. ROBERT C. BYRD. Mr. President, what time does the distinguished majority leader plan to come in tomorrow?

Mr. BAKER. Mr. President, what I had hoped to do was to be able to sequence these amendments with a reduced time so we could come in a little later tomorrow. But judging by the number of amendments that appear here, and the fact that we have requests for two special orders in the morning, it will be my plan at this moment to come in at 9:30.

Mr. ROBERT C. BYRD. Would any of the Members on my side object to my suggestion that by coming in at 9:30 and beginning by 10, we would wrap up final passage by no later than 6 p.m. tomorrow, and hopefully do better than that?

Mr. BAKER. Mr. President, that would be eminently satisfactory on this side. If 6 o'clock is too late, I am willing to move back the convening hour a little bit in order to accommodate the needs of any Senator.

Mr. ROBERT C. BYRD. Would Senators be willing to say not later than 5 o'clock? That would give us a total of 7 hours.

Mr. BUMPERS. Will the leader yield for a question?

Mr. ROBERT C. BYRD. Yes.

Mr. BUMPERS. Would that accommodate all the amendments the leader just read off a moment ago, assuming 30 minutes on the ones which were read?

Mr. BAKER. Mr. President, if I may answer that, as I have counted, there would be 4 hours 10 minutes counting the full time that would be allocated to the Senator from Arkansas, plus the time for rollcall votes.

Mr. BUMPERS. Has the leader counted the time it takes to vote?

Mr. BAKER. There would be 4 hours 10 minutes of debate and 8 rollcalls at 15 minutes each would be 2 hours. So it would be 6 hours 10 minutes. Say 7 hours.

Mr. BUMPERS. The leader proposes to start the legislative session at 10 in the morning?

Mr. BAKER. Mr. President, if we can arrive at an agreement for final passage at 5 o'clock, it would be my intention to convene the Senate at 9:30 and dispose of two special orders with a little bit of routine business, though not very much, and be on this measure not later than 10 o'clock in the morning.

Mr. HOLLINGS. I have two other amendments by Senator EAGLETON which were not mentioned. He has agreed to times of 40 minutes on both, equally divided. Then there is another amendment, a Chiles amendment, on vocational education. Those are three more that were not mentioned so you might make it 6 o'clock.

Mr. BAKER. Rather than make it 6, might I inquire? If we stuck with the 5 o'clock time, I would be willing to convene the Senate at 8:30, and have the two special orders, and be on this measure beginning at 9 o'clock.

Mr. ROBERT C. BYRD. I will make a suggestion to the distinguished majority leader. I have had some other Senators talking to me. I suggest that he propound the request he wishes; that the Senate complete action on this resolution no later than 7, and we would strive to do better during the day.

Mr. BAKER. Mr. President, let me propound a unanimous-consent request.

Mr. President, I ask unanimous consent that on tomorrow there be a time limitation on the amendment of the distinguished Senator from Ohio (Mr. METZENBAUM) dealing with water projects not to exceed 30 minutes to be equally divided; another amendment by the distinguished Senator from Ohio (Mr. METZENBAUM) dealing with tobacco with a time limitation of not more than 30 minutes to be equally divided.

Mr. President, let me revise that request to 40 minutes equally divided instead of 30 minutes on the tobacco amendment.

On an amendment by the Senator from Massachusetts (Mr. TSONGAS) on UDAG, 30 minutes to be equally divided; on the amendment of the Senator from Michigan (Mr. RIEGLE) on unemployment compensation, 30 minutes to be equally divided; on the Moynihan amendment on equal tax—did he call it tax bite? Is that the name?

Mr. DOMENICI. Equal sacrifice.

Mr. BAKER. That is almost the same.

That would be 30 minutes. And another amendment by the Senator from New York (Mr. MOYNIHAN) dealing with Puerto Rico, not to exceed 30 minutes equally divided; on an amendment by the Senator from Delaware (Mr. BIDEN) dealing with low-income fuel assistance, not more than 10 minutes to be equally divided; and that, Mr. President, final disposition of this measure occur not later than 7 p.m. on tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. Will the Chair indulge me for a minute?

The PRESIDING OFFICER. The Senator from Tennessee has the floor.

Mr. STENNIS. Will the Senator yield to me?

Mr. BAKER. I am happy to yield.

Mr. STENNIS. When the Senator from Ohio offers his amendment on water projects—is that the amendment of the Senator?

Mr. METZENBAUM. That is an amendment that the Senator from Ohio may or may not offer. The Senator from Tennessee is correct that I may offer that amendment.

Mr. STENNIS. Mr. President, not knowing whether it is going to be offered or not, being here right at the last with no one knowing what the attendance will be, or who might be here, will the majority leader permit us to confer with the Senator from Ohio?

Mr. METZENBAUM. What did the Senator say?

Mr. STENNIS. I was asking for a minute to confer with the Senator about it and see if we could talk about it some.

Mr. BAKER. Mr. President, in view of the request of the distinguished Senator from Mississippi, I leave my request pending. For the moment, I suggest the absence of a quorum to be charged against both sides.

Mr. BUMPERS. Mr. President, will the leader withhold?

Mr. BAKER. Yes.

Mr. BUMPERS. Will the distinguished majority leader add my amendment to the list? It has apparently been omitted.

Mr. BAKER. Mr. President, would the Senator agree to a time limitation of 30 minutes?

Mr. BUMPERS. I agree.

Mr. BAKER. I add to that request the amendment of the Senator from Arkansas. I wonder if he could give us the subject of that amendment?

Mr. BUMPERS. The subject is on everybody's desk, face up. It deals with the restoration of $7 million in the childhood immunization program.

Mr. BAKER. I thank the Senator.

Mr. President, a time limitation of not more than 30 minutes on the child immunization amendment to be offered by the Senator from Arkansas (Mr. BUMPERS) of 30 minutes equally divided.

Mr. President, I add to that list an amendment on vocational education to be offered by the Senator from Florida (Mr. CHILES), 30 minutes to be equally divided.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield to the distinguished minority leader.

Mr. ROBERT C. BYRD. Mr. President, the fact that certain time limitations are being offered on certain amendments does not rule out other amendments. Senators may be assured that they will have an opportunity to offer other amendments if they wish to do so, even though those amendments have not been specified this evening. There would be a final time of not later than 7 o'clock, however, if the majority leader presents that request.

Mr. METZENBAUM. Mr. President, reserving the right to object, if that is a unanimous-consent request, I would have to object if the final hour is 7 o'clock.

Mr. ROBERT C. BYRD. No later than.

Mr. METZENBAUM. I had understood that he was talking about not later than 5 o'clock If we cannot conclude by 5 o'clock, then I see no reason particularly to foreshorten my own time with respect to some amendments that I may bring up. If we can conclude by 5 o'clock, I have no difficulty at all. If it is 7 o'clock, we may as well stay until 8, 9, 10, or 11, as far as I am concerned.

Mr. ROBERT C. BYRD. Mr. President, I hope the Senator will not take that position. There are some Senators who want to be assured that they will have an opportunity to have a little time on their amendments. The 7 o'clock limit is the outside limit. The Senate might finish earlier, but that would give them assurance that they would not call up their amendments and not have time on them. The Senator has had an opportunity to debate his amendments today; he will have a further opportunity tomorrow. I do not think we should make the agreement in such a way that some Senators would end up tomorrow not having any time, perhaps, on their amendments.

I hope the Senator will allow us to agree on 7 o'clock.

Mr. BAKER. Mr. President, I have the floor. I shall be happy to yield to the Senator from Delaware.

Mr. BIDEN. Mr. President, I should like respectfully to request that the time limit on my amendment, which I suggested can be done in 10 minutes, be 20 minutes equally divided, because other Senators have indicated they may want to say something. I may not use it all, but I should like 20 minutes equally divided.

Mr. BAKER. Mr. President, I revise my request to accommodate the request of the Senator from Delaware.

Mr. LEVIN. Will the majority leader yield?

Mr. BAKER. Yes, I yield.

Mr. LEVIN. Mr. President, would the Senator add to his list an amendment relative to unemployment compensation? It will take no more than 20 minutes equally divided. It is a different one from Senator RIEGLE's.

Mr. BAKER. I add to the request, Mr. President, another amendment by the Senator from Michigan (Mr. LEVIN) on unemployment compensation, not to exceed 30 minutes equally divided.

Mr. DOMENICI. Reserving the right to object, Mr. President, with reference to Senator METZENBAUM's amendment on water projects that he might offer, I ask that there not be a time limitation, that it be the hour under the bill. I do not think the Senator would disagree with that.

Mr. METZENBAUM. The Senator from Ohio wants to make it very clear that he is not at all certain he will call up that amendment. I certainly cannot object to the fact of taking the full hour. The Senator from Ohio does want to make it clear that if we cannot bring the matter to a final vote by 5 o'clock, the Senator from Ohio will object.

Mr. ROBERT C. BYRD. Mr. President, I hope the majority leader will present his request and leave off the outside limit. I think he will have made a great deal of progress, in any event.

Mr. BAKER. Mr. President, I think that if we can get this list as we have described it, that is good progress. I will say that tomorrow, sometime, I am going to renew a request for a time certain to complete this. In any event, it is my full intention to remain in session tomorrow until we do, in fact, complete consideration of Senate Concurrent Resolution 9. I am sure every Member will understand that I am not trying to force the issue or proceed with undue haste, but tomorrow night is really the last practical time that we can devote a great deal of attention to this matter. It should be wrapped up. That will be 7 full days of consideration, I believe.

Mr. ROBERT C. BYRD. Mr. President, will the majority leader yield?

Mr. BAKER. Yes; I yield.

Mr. ROBERT C. BYRD. I join with him in the expression that there is no need to carry this beyond tomorrow. In the light of the amendments that have been enumerated, in the light of the known amendments that still exist, I should think that the Senate ought to finish tomorrow, regardless of what hour. It seems to me that with the time limits that have been established or, if they are established by the granting of the request, the Senate should be able to complete its work circa 7 p.m., give or take a little bit.

Mr. BAKER. Mr. President, I thank the minority leader.

Mr. President, I revise the request that I have made to include all of those amendments I have identified; to change the time limitation on the first Metzenbaum amendment dealing with water projects so that it is the full hour allowed by statute; and to remove the time of 7 o'clock for final disposition.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:30 TOMORROW

Mr. BAKER. Mr. President, may I say that even though it is 9:35 in the evening, we have spent some time on this. I have previously indicated to a number of Senators that we would still dispose or try to dispose of two amendments tonight, the amendment now pending by the Senator from Arizona (Mr. DECONCINI) and an amendment to be offered by the Senator from North Carolina (Mr. HELMS). I expect there may be rollcall votes on both of those and it may carry us as late as 10:30 or later.

I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. tomorrow.

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

Mr. DECONCINI. Mr. President, the Chair advises me that 8 minutes of my time has expired.

Mr. President, over the past 2 weeks, a number of amendments have been offered on the floor of the Senate that would offset recommended add-ons in a number of important program areas with reductions in travel, consultants, and other activities, normally categorized as constituting waste, fraud, and abuse. I recall vividly my distinguished colleague from Michigan, Senator RIEGLE, urging the Senate to "turn the junkyard dog loose" on these pockets of waste, fraud, and abuse.

Mr. President, as we near the end of the debate on Senate Concurrent Resolution 9, here is an amendment that gives the Senate a golden opportunity to vote up or down on whether or not we are really serious about cutting waste in a number of areas that have been well documented as major ingredients in the Government's multibillion-dollar waste, fraud, and abuse problem. My amendment offers no offsetting add-on for this program or that program. There is nothing fancy about it. It does not touch our essential National Defense Establishment nor does it affect the poor, the elderly, the handicapped, or the unemployed of this country. Pure and simple, it calls for cutting waste by $3.9 billion in 1982.

Mr. President, my amendment would expand the waste, fraud, and abuse savings suggested in section 11 of the concurrent resolution reported by the Senate Budget Committee, to include additional savings in the areas of travel; consultant services; public affairs, public relations, public information, and advertising; audiovisual and filmmaking activities; and uncollected Federal debts.

My amendment would boost total savings in section 11 of the resolution to $3,900,000,000 in budget authority and $1,700,000,000 in outlays in fiscal year 1982 while maintaining the committee-recommended estimates of $1,000,000,000 in budget authority and $2,000,000,000 in outlays in fiscal year 1983. The Senate Committee on Governmental Affairs would have the responsibility for effecting these savings through legislative modifications and program changes.

Mr. President, the Budget Committee is to be commended for bringing this package of budget-cutting instructions to the floor of the Senate in such a short period of time and with suggested budget savings across a broad spectrum of Government activities. However, let me explain briefly why I believe that these additional savings should be a part of the reconciliation instruction package that will call on all committees to report their respective savings plans to the committee in the weeks ahead.

First, Mr. President, if the called-for savings in the areas I have proposed in my amendment seem all too familiar, they should. On February 5, Senators PRYOR, SASSER, and I introduced S. 421—the General Government Expenditure Control and Efficiencies Act of 1981—which called for $3,900,000,000 in savings in travel (—$750,000,000); consultant services (—$1,000,000,000); public relations, public affairs, public information and advertising (—$150,000,000); audiovisual and filmmaking activities (—$250,000,000); and debt collection (—$1,750,000,000).

My amendment to Senate Concurrent Resolution 9 assumes savings of this magnitude in these general Government areas in fiscal year 1982. Furthermore, although the Budget Committee has been thorough in reviewing the President's proposed package of budget cuts and developing its own economy options, I have been unable to find any specific set of options, either in the resolution itself or the committee report, that indicates savings in these areas have been suggested to the appropriate legislative or appropriations committees.

It is true that on page 9 of the committee report, the committee does urge the President to implement his yet-to-be-announced administrative savings plan. But to my knowledge, no specific administrative savings have been incorporated into the committee's reconciliation totals. My amendment would set a realistic target of $3.9 billion for the Committee on Governmental Affairs to shoot for in developing its proposed legislative changes to effect savings in the areas of fraud, waste, and abuse.

I have also heard the arguments of some of my colleagues that the committee has already taken into account savings to be derived through more aggressive and efficient legislative methods of Federal debt collection. However, page 123 of the committee report makes it clear that the committee has not included specific savings in debt collection activities in its accounting of total reconciliation savings. My amendment assumes that $1.750 million in previously uncollectable bad debts can be recouped in fiscal year 1982.

Mr. President, while I commend the Budget Committee for uncovering budget reduction opportunities for the committees, I do not believe that they have gone far enough to incorporate the savings I am proposing today into their reconciliation savings totals.

Mr. President, a number of my skeptical colleagues may ask what justification there is for reductions of the magnitude assumed in my amendment to this resolution. Well, the justification for savings in the areas of travel, consultant services, Federal public relations, advertising and debt collection are sound and have been well-documented by the General Accounting Office, the Congressional Budget Office, the Office of Management and Budget—both under this administration and past administrations—by the various House and Senate authorizing committees, and by private foundations and organizations who have spent a number of years developing various strategies for reducing the size of the Federal budget. The numbers which are spelled out in detail in S. 421 and which are assumed in the total savings figure contained in my amendment to this resolution represent a consensus of savings possibilities that have been carefully reviewed and projected by these various groups.

They do not represent mere speculation or numbers "drawn out of the air" or out of a magic hat. I believe that they are realistic and achievable. Let us take a brief look at what the research of some of these organizations has uncovered in the areas of travel, consultant services advertising, public relations activities, and debt collection.

DEBT COLLECTION

The total savings figure proposed in my amendment assumes $1,750,000,000 in uncollectable Federal debts can be recouped in fiscal year 1982.

Going back to 1977, the General Accounting Office has issued no fewer than 30 reports covering, at least in part, the issue of debt collection and steps the Federal Government should be taking to go after bad debts occurring in student loan programs, VA loan programs and other Federal activities to repay Uncle Sam. Three or four GAO reports have been done exclusively on the Government-wide debt collection problem. According to the GAO, of the current $125.7 billion in Government-wide receivables due, an estimated $6.3 billion will be uncollectable—enough to fund the space program for an entire fiscal year.

The Congressional Budget Office has indicated in its report entitled "Reducing the Federal Budget: Strategies and Examples, Fiscal Years 1982–1986" that a net savings of $1.6 billion could be acheived in fiscal year 1982 through improved debt collection efforts by the executive branch, and that cumulative savings of $8.4 billion over the next 5 years may be conservative.

TRAVEL

In the area of travel, an Office of Management and Budget/General Services Administration report on Federal travel issued recently has corroborated my contention that the Federal travel budget is totally out of control. Their report which I received on February 10 shows, among other things, that over 26.8 percent of the reasons given by agencies to OMB for travel were "unknown." It was revealed that more than 25 percent of the Federal travel budget goes for information meetings, training attendance, speeches, or presentations, and conference attendance by Federal employees. So, more than 51 percent of the Federal travel budget—51 percent—goes for these low-priority activities or is required for reasons that are unknown to the agencies that spend billions and billions of tax dollars every year on travel.

As recently as December of last year, the GAO reported a number of proposals for improving the management of Federal travel and indicated that travel budgets are unreliable and that administration officials often do not know how travel money is being spent. Earlier in the year, OMB estimated that the Federal travel and transportation budget for fiscal year 1982, as reported by former President Carter, was $12.6 billion. The savings figure that I am proposing in my amendment assumes savings of $750 million in the Federal nondefense related travel and transportation budget.

ADVERTISING

In the area of advertising, the American Association of Advertising Agencies, Inc., has estimated that it spends approximately $144,300,000 a year on advertising, most of which is in the Department of Defense. The Congressional Budget Office in its report entitled "Reducing the Federal Budget: Strategies and Examples, Fiscal Years 1982–1986" indicated that $18 million in savings could be achieved by the military through the increased use of joint-service advertising.

CBO suggests that the Department of Defense has found that, for certain purposes, joint-service advertising would be most cost effective, pointing to tests that showed joint-service magazine advertising, for example, yields per dollar spent 1.5 times the number of applicant leads for recruiting as does single-service magazine advertising. The report goes on to say that joint-service advertising may also help to avoid undesirable interservice competition for recruits. My amendment assumes savings of $30,000,000 in advertising activities next year.

How about audiovisual activities and filmmaking? According to the National Audiovisual Center within the General Services Administration, approximately $450,000,000 to $500,000,000 a year is spent on audiovisual activities, including over $53 million on motion picture, TV, and video tape, and audio production ac-

tivities. The Department of Defense alone spends well over $410,000,000 a year on audiovisual production, duplication, equipment, and supplies. The National Audiovisual Center reports that the Federal Government owned or leased 1,519 audiovisual facilities, totaling 8.9 million square feet of space in fiscal 1979. The Department of Agriculture alone owned or leased 62 such facilities; the VA, 11 facilities; and the Department of Defense, 1,074 audiovisual facilities.

Since 1978, OMB has been attempting to force agencies to consolidate or even eliminate audiovisual facilities that may be underutilized or nonessential to the Government's mission—without much success. Furthermore, the type of productions that the Federal Government has produced over the years makes it all the more clear that the Congress must recommend substantial cutbacks in this area of waste in the coming fiscal years. My amendment assumes a savings of $250,000,000 in audiovisual and filmmaking activities in fiscal 1982.

CONSULTANT SERVICES

Another area of waste and abuse that has been well-documented is the area of consultant services, contracts, and studies. Depending on whose definition you use, estimates of the amount Uncle Sam spends annually on consultant services ranges from as low as $400,000,000—an OMB estimate last year—to $2.4 billion, estimated by Senator Magnuson last year to multiples of this amount spent by the Department of Energy alone. In hearings before the Senate Governmental Affairs Subcommittee on Civil Service and General Services in the last few years, it was learned that over half of the Department of Energy's $11 billion budget was spent on outside consultants and contractors. The General Accounting Office, various congressional committees, and other outside groups have done their own evaluations of the Federal consultant "machine" and found a number of common abuses, such as failure to use competitive procurement practices in securing consultant services, excessive rates of compensation for consultants, outside consultants performing policymaking or other managerial functions that should be performed in-house by Federal employees and rampant duplication of studies which often are never used. The National Tax Limitation Committee has suggested savings of $2–3 billion in consulting services annually. My amendment to the reconciliation resolution assumes a savings of only $1 billion.

PUBLIC AFFAIRS

What about public affairs, public information, and public relations? Mr. President, as I have said many times, Government is big business and like big business the Federal Government is spending large amounts of its scarce resources on public relations, public affairs and public information programs which appear to be largely self-promotional. A 2-year comprehensive study of Federal spending programs by UPI investigative reporter Don Lambro revealed that both OMB and the Office of Personnel Management had privately estimated the cost of Government public relations, self-promotion and other public information activities of the Federal Government at over $1.5 billion a year. According to the White House Reorganization Project of 1978, more than 1,000 people from 29 different agencies are assigned to Congressional Relations at a cost of approximately $24 million.

In the Department of Agriculture alone nearly 1,000 people are employed as information media workers to handle public information and public relations duties, while the Department of Defense has a press and public affairs staff of more than 316 people in the Pentagon with another 1,200 scattered around the country to handle DOD's public relations and press activities. Add to this the 459 public affairs staff at the Department of Health and Human Services and their budget of $25.4 million and it is clear that public affairs is big, big business in the Federal Government. My amendment assumes that savings of $120 million could be realized in the area of public affairs.

Mr. President, the savings called for in my amendment to Senate Concurrent Resolution 9 are not new or creative. Many of my colleagues on this Senate floor have been out in front in the fight to bring these nonessential expenditures under control through their respective committees and through outside investigations by GAO and other groups. What this amendment will do is give the Senate Committee on Governmental Affairs, under the distinguished leadership of Chairman ROTH and Senator EAGLETON, the ranking minority member, a specific target to shoot for in developing their proposals to effect savings in the next 2 fiscal years. I believe that the areas of waste that I have outlined today are exactly the areas of spending that can and should be controlled if we are truly serious about cutting waste, fraud, and abuse in the future.

Mr. President, I urge the adoption of my amendment.

The PRESIDING OFFICER. The Senator has 8 minutes remaining.

Mr. DECONCINI. Mr. President, I yield 2 minutes to the Senator from Tennessee, without losing my right to the floor.

Mr. SASSER. I thank the Senator from Arizona for yielding.

Mr. President, there is an enormous amount of well-grounded evidence which indicates that this amendment is not only possible and reasonable in its goals, but that it is long overdue. As a matter of fact, I consider the reductions in Federal expenditures proposed in the amendment somewhat modest in their scope.

On what bases do I lay such a claim? The answer is "on some very sound bases."

Take the portion of this amendment which assumes that the Federal Government could reduce expenditures by $1.75 billion in fiscal year 1982 through improved debt collection practices by the Federal Government.

It has already been pointed out last year and this year in the Senate Governmental Affairs Committee—by me and by my colleague, Senator PERCY—that this is a conservative figure. We could easily save $2 billion a year through improved debt collection practices.

Both the Congressional Budget Office and the Office of Management and Budget, under Director David Stockman, will attest to this.

The OMB projection is grounded on the findings of a report filed earlier this year by OMB's debt collection project. This report was 17 months in the making. It was launched after the General Accounting Office, at my urging, began reporting as early as 3 years ago that there was a need for improved debt collection practices in Federal agencies.

The debt collection project conducted thorough reviews in 24 Federal departments and agencies.

The project's task force consisted of representatives and professionals from both the Government and the private sector.

What the debt collection project found—to put it bluntly—is an enormous mess. The calculation was that, at the end of fiscal year 1979, $175 billion was owed the Federal Government by individuals, organizations, and foreign governments.

That is over $230 for every household in the United States.

The report noted that, of this debt, $46.9 billion were current receivables, or money that is now due for repayment. Of this figure, $25.3 billion—or nearly 54 percent—were delinquent.

Assuming a 12-percent interest rate on governmental borrowing in fiscal year 1979, the interest cost paid by the Government in carrying $25 billion in delinquent debt amounted to $3 billion. That is $31 per family—just to carry the interest on delinquent debts owed the Federal Government.

So much more can be said, and will be said, about this issue. The Governmental Affairs Committee is committed to moving debt collection legislation as soon as possible. Senator PERCY, who I have joined in sponsoring S. 591, the Debt Collection Act of 1981, will conduct hearings next week on this subject.

This hearing will amplify and detail even further the case for debt collection legislation which was made at similar hearings which Senator PERCY and I conducted last November.

Not only that, I fully expect the administration to announce its own plans for debt collection legislation in a week or so—legislation which will encompass the debt collection bill Senator PERCY and I support, and provide for additional elements.

Clearly, the amendments before us reflects realistic proposals for reducing Federal expenditures.

For those who might question the broad, across-the-board approach implicit in this amendment, I want to commend you once again to the OMB report.

During its exhaustive reviews of the agencies in the process of compiling the report, the debt collection project noted that "many Governmentwide issues surfaced which affected many or all other agencies."

Will this approach work? I assure you it will. And in assuring you that it can and will work, I want to call your atten-

tion to my successful effort 2 years ago—an effort supported by many from both sides of the aisle here today—to direct the Federal Government to cut $500 million from its travel budget for fiscal year 1980.

Adjusted for inflation, this cut approaches the $750 million reduction in travel expenditures called for in this amendment. Such a cut was effected and can be effected again—without resulting in the elimination of a single mission or taxi ride deemed important or valuable to our national interest or security.

It is possible, also, to effect the other reductions called for in this amendment without the slightest inconvenience.

So, a vote against this amendment is a vote against the evidence that is already in.

A vote against this amendment will be a vote against a bipartisan effort on these matters that commenced several years ago and obtains today.

A vote against this amendment will be an assertion that the United States believes it is sound budgetary policy to endorse a situation which commits the Federal Government to pay $3 billion a year in interest costs alone to carry delinquent debts.

In effect, a vote against this amendment is a vote for continued participation of the Federal Government in an already overcrowded credit market—simply to keep delinquent debtors comfortable and on the books.

Finally, a vote against this amendment is a vote for inept, inexcusable, and irresponsible travel and consultant management practices on the part of the U.S. Government—practices that are costing us billions of dollars annually.

I urge my colleagues to cast aside the binds of partisan conviction and to support this amendment freely and fully.

Mr. DECONCINI. I thank the Senator from Tennessee, and I compliment him for taking the lead in the areas he has addressed this evening.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is all time yielded back?

SEVERAL SENATORS. Vote! Vote!

Mr. DOMENICI. I yield myself 2 minutes.

Mr. President, the amendment that Senator DECONCINI, my good friend from Arizona, proposes is really not a reconciliation item in this instruction, and I hope everyone understands that.

Mr. President, if you will notice, it is not in the paragraphs that do mandate the committees to make changes. It is not even in the paragraph on the sense of the Senate that said committees should take certain action, but rather, this amendment would change paragraph 11, which was included at the request of the distinguished Senator from Florida, who had a letter from the chairman of the Governmental Affairs Committee, wherein he said that they hoped in that committee to pass some law changes and create some statutory revisions that would strengthen the Inspector General's offices, that would cause us to have a better chance of collecting some defaulted loans, and the like. They thought they could draw that kind of statute that might save us $2 billion.

So at the request of the Senator from Florida the committee put in some language which is not even mandatory, merely saying that the Governmental Affairs Committee should report changes to laws modifying programs within their jurisdiction which would reduce the cost of Government which result from waste, fraud, and abuse, and then the estimate that they gave was included in this language supporting the Governmental Affairs Committee.

We went along with that at the request of the distinguished senior Senator from Florida. We were very careful. It is not mandatory. It is recognizing, as the report indicates, that they hope to do that. It is not taken into consideration in the total savings. It is not part of the savings that appropriations is going to make. It is not part of the savings that the administration has committed to make through administrative kinds of changes.

It is just an additional comment requesting that they should get on with that because there is genuine concern.

Obviously, this is open for anyone to come down here and say, "If there are 2 billion, maybe there are 5." Perhaps by tomorrow we will have someone who will say, "If we can consider 3 additional billion in the Governmental Affairs"—now that is their committee that we are talking about—"maybe it should be 7." In fact we might go back to the distinguished Secretary of HEW, Mr. Califano, who said in all of his programs there was over $10 billion in waste.

I assume we could say why does not the Governmental Affairs Committee do that? I mean we should put $10 billion in there and say, "Government Affairs Committee, you should draw this," and then we can all go home when we pass that and say we passed the statute, we passed the reconciliation instruction, we saved $10 billion in waste.

The truth of it is that we did this because they told us this is approximately what they hoped to save if they could draw the appropriate changes in Inspector General laws, student loans, and hope we would not Christmas tree this item in some kind of spirit of antifraud exhilaration so that anyone who does not vote for that amendment is in favor of fraud and abuse.

I suggest that all the programs have to be rid of fraud, abuse, and waste and certainly the Governmental Affairs Committee does not have jurisdiction over the line items, the appropriations process, and everything else.

So I hope the Senate will deny Senator DECONCINI this amendment and turn it down.

Mr. HOLLINGS. Mr. President, let me yield such time on the resolution as is necessary.

Mr. President, I said during the Budget Committee consideration of this subject that it would be mischief. What it really says in section 11—I did not like it at the time—is that the Committee on Governmental Affairs should report changes in laws within its jurisdiction to reduce waste, fraud, and abuse.

We say we are not a line-itemizing committee. But it is wrong to gratuitously end a report and single out one committee and say that in the Budget Committee's opinion that subcommittee has allowed waste, fraud, and abuse to the tune of x billion dollars and that it should have been corrected. It is very interesting that the ones who recommend this are the distinguished members of the distinguished Presiding Officer's committee, namely Appropriations. We have every opportunity, if there is really that much waste, fraud, and abuse to correct it because we have the responsibility of oversight before we appropriate the money.

The best the Governmental Affairs Committee could do is hire some inspectors general. They would have to pass special laws to allow the IG's to swarm down like locusts from Washington looking in every nook and cranny for waste, fraud, and abuse. They would have to come up with some $4 billion worth in order to satisfy the amendment.

That gets to be ridiculous.

I talked a little while earlier about symbols and the reason I did not vote for one amendment because of a symbol. This is the exact opposite. The symbol here is waste, fraud, and abuse, and this will get a lot of votes if everyone identifying with the symbol said, "I know it is unrealistic, it is impractical, but I want to identify with that symbol so, therefore, I vote aye because I do not want someone back home to say that I am for waste, fraud, and abuse."

This breaks down the credibility of the entire procedure.

We never should have put this section in the resolution or the committee report in the beginning.

If we find any merit in this amendment and it passes, then I would suggest we move on to the distinguished Senator's Judiciary Committee. He serves on that committee, and he and I both serve together on the Subcommittee of Appropriations of the Judiciary. We should be able to save $1 billion there in waste, fraud, and abuse. And then we can move over to some other committees such as Commerce, or Armed Services.

They said that would be out of order because there was no authorizing legislation. But we should try to eliminate waste, fraud, and abuse, whenever it is. Rather than pick out one committee we should go after them all. However, that is unrealistic. It is also bad budget procedure. This section never should have been in the resolution in the first place. It certainly should not be increased.

The PRESIDING OFFICER (Mr. GRASSLEY). The Chair recognizes the Senator from Arizona.

Mr. DECONCINI. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Five minutes and 21 seconds.

Mr. DECONCINI. Mr. President, I compliment the ranking minority member of the Budget Committee and cer-

tainly the chairman for their efforts to do what they believe is proper.

I wish to point out a couple things.

No. 1, this amendment goes to section 11. As the Senator from South Carolina just said, maybe they should not have it in there, but it is in there.

My amendment says they shall find this type of reduction.

S. 421 is already before the Governmental Affairs Committee with itemizations of where this can be found, and it is substantiated by one report after another. I do not see how you can say it is grabbing out of the air to cut $750 million in travel out of a budget in excess of $8 billion and then when you take out the military travel you still have $4 billion plus to cut out $750 million. Just go out and do it. It does not say pull something out of the air and do it. It says here it is, folks. Cut it. Take the travel out when they are using 25 percent of it for conference and speeches and another 26 percent or so is unknown travel.

So I thank my distinguished colleagues for making the distinction that this amendment says you shall take it out and it is specific where you shall take it out.

Mr. DOMENICI. Mr. President, was the Senator going to yield back the remainder of his time?

Mr. DECONCINI. Mr. President, could I inquire of the Senator from New Mexico is he going to permit an up-or-down vote on this?

Mr. DOMENICI. Yes.

I was going to ask our majority leader if he would consider propounding a unanimous-consent request that we would defer the Senator's vote, argue the Helms amendment, and then vote one after the other, stack the Senator's amendment and then take Senator HELMS' argument. It is only 20 minutes. Then we will vote on them both and be through for the evening.

Mr. DECONCINI. Mr. President, if the Senator from New Mexico will yield, whoever is going to propound the unanimous-consent request it would be understood I would have an up-or-down vote.

Mr. DOMENICI. Yes, indeed.

Mr. HOLLINGS. The Senator has the yeas and nays ordered already.

Mr. DECONCINI. Yes, I have.

I have no objection to that.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. DOMENICI. I am pleased to yield.

Mr. BAKER. Mr. President, before I make that request, let me check with the minority leader and make sure that there are no other problems involved with that and if the Chair will indulge me just a moment I wish to make that determination.

Mr. DECONCINI. Mr. President, will the Senator yield on the amendment?

Mr. BAKER. I yield.

Mr. DECONCINI. Mr. President, I ask unanimous consent that certain newspaper articles before me be printed in the RECORD following my remarks.

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

[From the Washington Star, Mar. 5, 1981]

WAR ON WASTE IS URGED ON HILL

(By Mary Thornton)

The Reagan administration could save as much as $14 billion by implementing better management procedures that the General Accounting Office and others have been recommending for years, GAO's chief accountant testified today.

"The big problem has been in getting an administration to take real care and concern in management," Donald L. Scantlebury told the House Budget Committee. "Many agencies concentrate on carrying out programs, disbursing funds. But the other aspect—seeing that the government gets back every dollar it is entitled to—those things don't get the same concern."

Budget Committee Chairman James Jones, D-Okla., said at the hearing that this sort of government waste should be attacked before "valuable programs" are cut.

"There is waste, fraud and abuse, and this committee intends to eliminate that before valuable programs are destroyed," he said.

Scantlebury told the committee that one of the major waste problems in government is caused by poor debt collection practices—for such items as government loans and overpayments of various government benefits.

At the beginning of the 1980 fiscal year, he said, the government was owed $126 billion by U.S. citizens and organizations. Of that amount $24 billion was delinquent.

"Many agencies have not aggressively attempted to collect amounts owed the government," he said, adding that "present collection methods are expensive, slow and ineffective when compared with commercial practices."

Morris B. Silverstein, deputy inspector general for the Veterans Administraton, said his agency alone was owed $666 million in active debt as of last September, and about 25 percent of that amount was already delinquent by more than three years.

In addition, the VA had already written off more than $198 million in education benefits as uncollectable.

In another budget-related hearing today, Rep. Fernand St Germain, the House Banking Committee chairman, told budget director David Stockman he wants evidence the administration's economic plan will work before Congress starts trimming the budget.

St Germain's committee has jurisdiction over nearly half of the president's proposed budget cuts for fiscal 1982—more than $20 billion. He noted that many cuts "come out of housing and community development programs—a substantive shift of priorities and a major downgrading of our commitment to urban communities."

"If we are to change our commitment to the cities, if we are to change the lives of millions of hard-working Americans, I suggest we do it with the proper evidence in hand before the fact," he said.

At the White House today, a group of conservative Democrats breakfasted with Reagan and offered him their proposals for cutting an additional $11.2 billion in federal spending.

The Congressional Conservative Democratic Forum suggested budget reductions that included eliminating the Legal Services Corporation, cutting foreign aid, repealing the Davis-Bacon Act, and eliminating housing costs from the calculation of the government cost-of-living index.

Rep. G. V. Montgomery, D-Miss., said after the breakfast with Reagan that the president will propose a slowdown in construction of Veterans Administration hospitals and an increase in interest rates on loans taken out against VA life insurance policies.

He said Reagan told the group that there would be "some cutback in personnel in (VA) hospital care," but that doctors and nurses would not be cut.

In the Senate, Majority Leader Howard Baker of Tennessee reiterated his predictions of quick action on the president's economic proposals. He told reporters he hopes Congress can complete work on the package by the beginning of the July 4 recess.

"That may be a very optimistic estimation, but it's possible to do that and I hope we will do that," he said.

At the Budget Committee hearing, GAO accountant Scantlebury and four acting and deputy inspectors general from several agencies asked for stronger power to go after delinquent debts owed to the government.

Among their proposals are:

Reporting delinquent debt to private credit bureaus to affect the credit ratings of persons who do not pay their government debts.

Using private collection bureaus.

Charging higher interest rates on delinquent debt. Some government programs collect no interest at all and others are far below market rate.

Using the Internal Revenue Service to track down delinquent debtors.

Collecting debts out of income tax refunds. And in the case of federal employees who owe money to the government, they are asking for authority to withhold the money from the employee's paycheck.

Scantlebury predicted that as much as $6 billion a year might be saved through these methods, and much more might be saved if the government acted on existing GAO audits that have been ignored in recent years.

He said there are at least $24.9 billion in funds involved in audits that have not been acted upon, and that part of that money would go to the government and part to the general public.

[From the Washington Post, Mar. 27, 1981]

REAGAN FORMS COUNCIL TO BATTLE FRAUD, WASTE

(By Lee Lescaze)

The twin evils of government fraud and waste loomed large on President Reagan's campaign enemies list and yesterday the president formed a new organization with a squeaky-clear name, the President's Council on Integrity and Efficiency, to root the two from federal programs.

At the same time, the president appointed the first six inspectors general to fill the 16 vacancies he created, when he fired all of these agency watchdogs on his first full day in office Jan. 21. Five of the six Reagan chose yesterday were among the 16 he fired.

"We will not rest with today's announcement. We will not simply tuck this event away and go on with business as usual," the president said as he signed the executive order establishing the new council.

"We are going to follow every lead, root out every incompetent, and prosecute any crook we find who's cheating the people of this nation," Reagan added.

The anti-fraud and waste council will be chaired by Edwin Harper, deputy director of the Office of Management and Budget, and is designed to facilitate interdepartmental cooperation, the president said.

Harper said that while no additional staff will be given to the inspectors general, they will have greater resources because of closer cooperation with the FBI.

He said that the audit functions of the government are estimated to have saved $4 billion over the last two years. "That's a fairly hard figure," he said.

In introducing five of the six newly appointed inspectors general to reporters, Harper insisted that it had made sense to fire them all and then examine their qualifications. He described the inspectors' func-

tions as vital but denied that firing all of them had disrupted the work of their offices.

Not all was running smoothly even with the appointment process, however. Frank S. Sato, who before Jan. 21 was the inspector general at the Transportation Department and was appointed to the same position at the Environmental Protection Agency yesterday, was absent, apparently because he had no advance warning of his new appointment. One of the other inspectors said Sato didn't know of his new job as of yesterday morning.

Harper said the 10 other inspectors general will be named very soon and that two of them will be persons who held such jobs before the Reagan purge.

The purge has been criticized by various members of Congress, mostly Democrats, who have said that the supposedly nonpartisan inspectors were being politicized by the Reagan White House. In the latest such charge, six House Commerce and Energy subcommittee chairmen sent a protest to the White House charging that White House political director Lyn Nofziger and other White House aides were playing significant roles in choosing the new inspectors.

Harper denied the charge. He said Nofziger saw the final list of candidates, but "he did not veto any candidate."

In addition to Sato, the inspectors general named yesterday are: Robert L. Brown, a retired Foreign Service officer, for the State Department; Paul R. Boucher, reappointed to the Small Business Administration; James B. Thomas, reappointed to the Education Department; Thomas F. McBride, moved from the Agriculture Department to the Labor Department, and Charles L. Dempsey, reappointed to the Department of Housing and Urban Development.

[From the Washington Star, Mar. 22, 1981]

REAGAN TO ATTACK U.S. WASTE FRAUD ON BROAD SCALE

(By Jeremiah O'Leary)

President Reagan is preparing to open a broad attack on waste and fraud in the federal government on several fronts this week.

White House press secretary James S. Brady disclosed yesterday that as one of the first steps the administration will soon announce a number of criminal and civil actions charging individuals and federal agencies with misuse or waste of government funds.

Brady said the White House will concentrate heavily on Reagan's determination to wipe out misuse of government funds, which he described as the "fifth leg" of the president's economic recovery program. The other four, he said, are the budget reductions, tax cuts, control of the money supply and regulatory reform.

"This is going to be waste and fraud week here," Brady told reporters.

Brady said the President will launch the week's activities by meeting tomorrow with former Comptroller General Elmer B. Staats, who stepped down March 7 as head of the General Accounting Office, Congress' watchdog agency. Congressional leaders have submitted the names of eight possible nominees to succeed Staats and these are now being screened by the White House personnel staff.

GAO's auditors routinely investigate federal programs and agencies and report to Congress on millions and even billions of dollars they believe are being misspent.

Reagan also will sign an executive order creating a new Presidential Council on Integrity and Efficiency in Government to find waste and abuse in government spending. The council will be made up of employees of the Office of Management and Budget and representatives of Cabinet departments.

Brady said some of the 15 present inspectors general will be retained and others will be replaced. Reagan's choices, he said, will meet the requirement that they be "meaner than junkyard dogs."

Another presidential order this week will require that all government agencies cut back on publications and films. It is expected that Reagan will order that no new publications or films be prepared or issued without a departmental review and OMB approval.

"We are determined to put the brakes on publications of this kind," Brady said.

Citing former Attorney General Benjamin Civiletti's estimates that from 1 to 10 percent of the federal budget is consumed by waste and fraud, Brady said the administration believes that Reagan's measures will save at least $7 billion of the $765 billion federal budget.

Brady declined to give any hint as to which agencies or individuals might be implicated in either criminal or civil fraud.

"We don't want them to know who has been caught until we are ready to make some announcements in the next few days," Brady said. He also declined to say what kind of fraud is involved.

"There are a number of investigations that have been continuing under the inspectors general of the departments," Brady said. "We will be highlighting the role that the FBI and the departmental inspectors played."

Reagan made waste and fraud in government one of the key points of his presidential campaign, calling their elimination an integral part of his program for economic recovery.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, I withdraw my request for recognition.

I understand there might not be an agreement to stack votes, and I will not make that request at this time.

The PRESIDING OFFICER. Who yields time? The Senator from New Mexico.

Mr. DOMENICI. I yield back our time.

Mr. DECONCINI. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Arizona. The yeas and nays have been previously ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Nevada (Mr. LAXALT), and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. WILLIAMS) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The result was announced—yeas 43, nays 53, as follows:

[Rollcall Vote No. 67 Leg.]

YEAS—43

Baucus	Dodd	Melcher
Bentsen	Eagleton	Metzenbaum
Biden	Exon	Mitchell
Boren	Ford	Moynihan
Bradley	Glenn	Nunn
Bumpers	Hart	Pell
Burdick	Heflin	Proxmire
Byrd, Harry F., Jr.	Huddleston	Pryor
	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Cannon	Johnston	Sarbanes
Chiles	Kennedy	Sasser
Cranston	Leahy	Tsongas
DeConcini	Levin	Zorinsky
Dixon	Matsunaga	

NAYS—53

Abdnor	Hatch	Packwood
Andrews	Hatfield	Percy
Armstrong	Hawkins	Quayle
Baker	Hayakawa	Roth
Boschwitz	Heinz	Rudman
Chafee	Helms	Schmitt
Cochran	Hollings	Simpson
Cohen	Humphrey	Specter
D'Amato	Jepsen	Stafford
Danforth	Kassebaum	Stennis
Denton	Kasten	Stevens
Dole	Long	Symms
Domenici	Lugar	Thurmond
Durenberger	Mathias	Tower
East	Mattingly	Wallop
Garn	McClure	Warner
Gorton	Murkowski	Weicker
Grassley	Nickles	

NOT VOTING—4

Goldwater	Pressler	Williams
Laxalt		

So Mr. DECONCINI's amendment (UP No. 41) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, that will be the last rollcall vote tonight.

Do I understand, Mr. President, that the distinguished Senator from North Carolina is to be recognized to call up an amendment?

The PRESIDING OFFICER. The Senator is correct.

The Senator from North Carolina.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The point of the Senator from New York is well taken. The Senate is not in order. Will Senators who wish to converse retire to the cloakrooms?

The Chair recognizes the Senator from North Carolina.

UP AMENDMENT NO. 44

(Purpose: To require additional reductions in appropriations by the Senate Finance Committee)

Mr. HELMS. Mr. President, I have an amendment at the desk which I call up and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS), for himself and Mr. JEPSEN, proposes an unprinted amendment numbered 44.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, line 17, strike "$52,144,000,000" and insert in lieu thereof $52,925,000,000".

On page 2, line 18, strike "$36,945,000,000" and insert in lieu thereof "$37,045,000,000".

On page 2, line 19, strike "$59,023,000,000" and insert in lieu thereof "$59,328,000,000".

On page 2, line 20, strike "$47,694,000,000" and insert in lieu thereof "$47,794,000,000".

On page 7, line 15, strike "$4,354,000,000" and insert in lieu thereof "$4,454,000,000".

On page 7, line 16, strike "$9,354,000,000" and insert in lieu thereof "$9,454,000,000".

On page 7, line 17, strike "$4,494,000,000" and insert in lieu thereof "$4,594,000,000".

On page 7, line 18, strike "$10,870,000,000" and insert in lieu thereof "$10,970,000,000".

Mr. HELMS. Mr. President, this amendment would restore the President's proposed level of spending in the Finance Committee's direct spending account. In effect, this amendment would reduce the Budget Committee's recommendations by $100 million.

The $100 million was added to the Finance Committee's direct spending account. The report suggests that this is for social security title XX grants to States, and the Budget Committee staff has told me that it is for the purpose of making funds available for the provision of legal services to eligible clients.

The Committee on Labor and Human Resources, as the distinguished occupant of the Chair knows, had originally proposed in its report language to terminate the Legal Service Corporation and to authorize $100 million in the Corporation's account for the purpose of block grants to States.

But the Budget Committee zeroed the Labor and Human Resources proposal, which would have required normal authorization and appropriation, and added $100 million to the Finance Committee direct spending account—and let me emphasize this—which is an entitlement program bypassing the normal appropriations process.

The presence of an extra $100 million in the Reconciliation Act, intended—but nonbinding—for the provision of legal services, is an open invitation to future lobbying and pressure to maintain or restore the Legal Service Corporation.

Because the specific recommendations of the reconciliation are nonbinding, the $100 million extra need not be used as block grants as the Budget Committee intended. There could be—and, in this Senator's view, there would be—a push by the Legal Services Corporation and its allies to use that room in the budget process to rescue the Corporation down the road.

That must not be permitted. We must strike the $100 million now.

Mr. President, let me read into the RECORD a very brief letter from David Stockman.

MARCH 30, 1981.

DEAR JESSE: This is to advise you that the Administration strongly supports your efforts to restore the budgetary savings proposed by the President in his Social Services block grant proposal. Specifically, we support your amendment to add $100 million in savings to the Social Services block grant reconciliation instructions to eliminate funds earmarked for legal services.

We appreciate your leadership in this important matter and wish success for your efforts.

Sincerely,

DAVID A. STOCKMAN,
Director.

Mr. President, the Legal Services Corporation, as is clear to anyone who has monitored its past actions and ongoing activities, is terminally afflicted with a compulsion to violate the law which led to the creation of the Corporation.

The fact is, Mr. President, the Legal Services Corporation has festered into a gaggle of political activists run amok. In 1965, the Office of Legal Services was created, within the Office of Economic Opportunity, with a budget of $1.3 million. By 1975, its cost to the taxpayers had grown to $90 million, rising to $157.4 million in 1978, $261 million in 1979, and a proposed $321.3 million in the Senate bill for 1981. The 1981 figure is 3½ times the amount authorized just 6 years ago.

Let us talk about lobbying by this crowd, Mr. President. If you want any fresh proof of what is going on, all you had to do was go outside this Chamber all day long and you would see what I am talking about. This afternoon, this evening, and probably at this very minute, officers and representatives of the Legal Services Corporation have been outside in the lobby, lobbying Senators to vote against my amendment. Evidently, they hope it will in some way keep this outfit in business. Obviously, Mr. President, these lobbyists for the Legal Services Corporation understand that there is $100 million in this resolution which can be used to preserve their jobs and preserve this Corporation, which ought to be given the deep six treatment right now. Directly or indirectly they envisage the money coming back to them. Otherwise, they would not be engaged, as they have been engaged, all day long in lobbying Senators.

Mr. President, at this point I ask unanimous consent to have printed in the RECORD a story by Walter Pincus in the Washington Post of Monday, March 30, 1981, entitled "Legal Services Corp. Suits Itself, Waves Red Flag at Reagan."

Mr. President, I also ask unanimous consent that the regulations discussed in this article, proposed by the Legal Services Corporation as they appear in the Federal Register, be printed in the RECORD immediately following the news story.

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

RED FLAG AT REAGAN

(By Walter Pincus)

"They have put a gun to their head and pulled the trigger."

That was the way one conservative caller last week described the comprehensive civil rights regulations proposed earlier this month by the Legal Services Corp. and published in the March 23 Federal Register (page 18055).

They include all the rules that drive Reagan conservatives crazy—nondiscrimination against homosexuals, requirements for bilingual employees, affirmative action plans to guarantee employment of women and minorities at levels that reflect "appropriate labor force characteristics," and inclusion of drug addiction and alcoholism as diseases that would qualify someone as being a "handicapped person" and thus protected from discrimination.

LSC, you must remember, is the nonprofit corporation that supports legal services for the poor by distributing $300 million in federal grants and contracts to local organizations, which use the money to pay for lawyers and other legal specialists in almost every county across the nation.

President Reagan has long had a distaste for the federally supported legal services program, and his administration, as part of the budget-cutting effort, has marked LSC for elimination next year.

An LSC official conceded that the agency's board was aware that the proposed regulations, developed before the White House termination plan was announced, would be a red flag for the Reaganites. But LSC decided to put the rules out for comment anyway because "this was our position."

The purpose of the proposed rules, according to the notice, "is to prevent discrimination by legal services programs supported in whole or in part by Legal Services Corp. funds in the delivery of services or in employment. . . ."

The proposed rules, which for the most part codify procedures in effect since LSC's establishment in 1974, add a prohibition against discrimination by reason of "sexual orientation." That phrase, an LSC official said, refers to homosexuals.

The agency, she added, decided to prohibit discrimination against homosexuals because similar policies have been adopted by the District of Columbia and other state and local entities.

The rules, however, also bar recipients of LSC funds from having "any contractual or other relationship" with other agencies or organizations including "labor unions, (or) organizations providing or administering fringe benefits to employees of the recipient . . ." if the agencies discriminate against specified groups, including homosexuals.

That provision, according to my outraged caller, "would eliminate the Catholic Church groups." Not so, according to the LSC official, and if it did, the rule would be altered. "That is why we have put it out for comment."

Another provision that's bound to draw criticism is one that says a recipient of LSC funds cannot "make a preemployment inquiry as to whether an applicant is a handicapped person or as to the nature of or severity of a handicap except where the examination or inquiry is related to an essential job function."

What about drug addiction and alcoholism, which LSC includes as characteristics of a certain kind of "handicapped person"? On first blush, the LSC official said a lawyer certainly could be questioned, but there was doubt about other job applicants.

Fund recipients under the rules would be required to provide bilingual employes, "not limited to clerical positions," in "any area where 5 percent of the eligible population are members of a minority language group." They also must provide informational literature in the appropriate languages and post signs in those languages. The percentage requirement was taken from the federal voting rights law, which requires ballots to be bilingual in areas where 5 percent of the population speaks a language other than English.

Grant recipients that have 50 or more employes must have an affirmative action plan approved by LSC's director of office of equal opportunity. Before producing such a plan, the recipient must "determine if underutilization on the basis of race, national origin or sex occurs in any job category or unit of its workforce" using a formula supplied by LSC.

Its plan must include "goals and timetables to correct underutilization of women and minorities." In those instances where a recipient is found to have an employe "workforce or segment of the workforce not on parity with the relevant labor market," approval of higher authorities would be needed before any vacancies were filled.

In the Carter years, LSC's rules would have raised a few eyebrows; today they may hasten the lowering of the boom.

Mr. HELMS. Mr. President, I ask unanimous consent that the regulations proposed by the Legal Services Corpora-

tion, as appeared in the Federal Register, be printed in the RECORD at this point.

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

[Legal Services Corporation, 45 CFR Part 1624]

COMPREHENSIVE CIVIL RIGHTS REGULATIONS

Agency: Legal Services Corporation.

Action: Proposed rules.

Summary: This regulation is intended to be a comprehensive statement of all grant and contract related civil rights obligations of Corporation recipients in both the delivery of services and in their employment practices. The present Part 1624 would be incorporated into the proposed civil rights regulation. This regulation would now include the Corporation's 504 regulations, present part 1624, as well as all of the other civil rights obligations of Corporation fund recipients.

Date: Comments due April 22, 1981.

Address: Legal Services Corporation, 733 Fifteenth Street NW., Washington, D.C. 20005.

For further information contact: Linda Hanten, 202-272-4010.

Supplementary information: While the proposed regulation seeks to guarantee the civil rights of a number of groups distinctions are made among the protected groups in the treatment required. For example, recipients are required to take affirmative action as to the employment of women and minorities and not as to the employment of members of other groups protected by the regulation. The regulation requires affirmative action to be taken only as to women and minorities because they are the groups traditionally given such protection. These groups have been afforded such protection because they, unlike the other groups protected by this part, historically have been unable to remedy discrimination against them through the political process.

An additional distinction made among the protected groups by the regulation is the provision of "special" services to persons with communication problems, e.g., language minorities, the hearing impaired and the blind. These services are provided because without them legal services would not be available to members of these groups. Additionally, Section 1006(b)(6) of the Act requires the Corporation to provide that the language of non-English speakers be used in the provision of services where they constitute a significant number of the client population.

As used in this part, minority language groups are defined as Asians, Native Americans, Alaskan Natives and persons of Spanish origin. This is the definition used in the Voting Rights Act, 42 U.S.C. 1973aa, which requires elections to be conducted in the appropriate minority language(s) as well as in English in political jurisdictions where members of a minority language group make up five or more percent of the population. This definition is used here, as it was in the Voting Rights Act, because these groups and their number can be determined from census data. There is presently no nation or region-wide data base which can be used to identify persons who do not speak English or persons from other linguistic groups not listed in this definition. The use of this definition is not intended to preclude programs from offering services in other minority languages when the program has the desire to do so or the ability to make a reasonable determination that more than five percent of the residents of its service area belong to another linguistic group.

The Civil Rights Regulation, in particular the provisions governing antidiscrimination, is not intended to prevent the adoption of priorities which by their nature would have the effect of foreclosing services to one or more of the protected classes. The statute, 42 U.S.C. 2996f, clearly requires that there be priority-setting at the local level. The Civil Rights Regulation merely defines what purpose (discrimination against one of the protected classes) may not serve as a basis for establishing priorities.

For example, if a program picks Supplemental Security Income but not Aid to Families with Dependent Children practice as a priority, the fact that a particular age group, young adults, is not represented in connection with AFDC claims or that the program services primarily seniors does not itself create a prima facie case of discrimination. It merely reflects that the program has established priorities which, when complied with, result in the program serving clients in a particular age group. However, a program may not use the priority-setting process as a justification for failing to serve a particular protected group. The Corporation will monitor those programs having the greatest disparity in the delivery of legal services on any prohibited basis.

It is proposed to revise Part 1624 to read as follows:

PART 1624—COMPREHENSIVE CIVIL RIGHTS REGULATIONS

Subpart A—General

Sec.
1624.1 Purpose.
1624.2 Applicability.
1624.3 Definitions.

Subpart B—Discrimination

1624.4 General.
1624.5 Discrimination prohibited—in the provision of legal services.
1624.6 Discrimination prohibited—employment practices.

Subpart C —Required recipient civil rights program

1624.7 Assurance.
1624.8 Data and information requirements.
1624.9 Required recipient civil rights program—delivery of services.
1624.10 Required recipient civil rights program—employment.

Subpart D—Conduct of investigation and review

1624.11 Monitoring.
1624.12 Complaint process.

Subpart E—Procedure for effecting compliance

1624.12 Remedies.

Authority: Secs. 1005(b)(2), 1006 (a), (b)(1)(A) and (b)(6) of the Legal Services Corporation Act, (42 U.S.C. 2996d(b)(2), 2996e(a), (b)(1)(A) and (b)(6)).

The proposed Regulation is as follows:

Subpart A—General

§ 1624.1 Purpose

The purpose of this part is to prevent discrimination by legal services programs supported in whole or in part by Legal Services Corporation funds in the delivery of services or in employment on the basis of race, religion, color, sex, age, marital status, national origin, handicap, political affiliation or sexual orientation. Further, it is the purpose of this part to assist such programs in establishing policies and procedures to ensure equal opportunity in the delivery of services and employment and affirmative action in employment to end the underutilization of certain protected groups in their work forces. This part is adopted in accordance with Secs. 1005(b)(2), 1006(a), 1006(b)(1)(A), 1006(b)(6) of the Legal Services Corporation Act; 42 U.S.C. 2996d(b)(2), 2996e(a), 2996e(b)(1)(A), 2996e(b)(6).

§ 1624.2 Applicability

This part applies to all recipients of Legal Services Corporation funds.

§ 1624.3 Definitions

As used in this part, the term:

(a) "Protected Groups" means those groups which have been historically subjected to discrimination on the basis of race, color, national origin, sex, religion, or sexual orientation;

(b) "Affirmative Action" means specific steps, in recruiting, hiring, promotion and other areas, which are taken for the specific purpose of eliminating the present effects of past discrimination;

(c) "Goals" means projected levels of achievement arrived at through analysis of employment utilization patterns and consideration of what may reasonably be done to remedy any apparent underutilization given labor force participation and unemployment rates of minorities and women in the labor market area and the expected rate of turnover and the projected number of new positions in the employer's work force;

(d) "Underutilization" means having fewer minorities and/or women in the particular job category than would reasonably be expected given their availability in the relevant labor market area, or employing persons in jobs that do not adequately use their skills, training or capabilities;

(e) "Relevant labor market area" means the area from which an employer can reasonably expect to recruit or draw applicants for positions in a given job category;

(f) "Delivery of services" means providing or making legal services available to eligible clients of a recipient's service area;

(g) "Facility" means all or any portion of buildings, structures, equipment, roads, walks, parking lots, or other real property or interest in such property;

(h)(1) "Handicapped person" means any person who (i) has a physical or mental impairment which substantially limits one or more major life activities, (ii) has a record of such an impairment, or (iii) is regarded as having such an impairment;

(2) As used in subparagraph (1) the phrase:

(i) "Physical or mental impairment" means (A) any physiological disorder or condition, cosmetic disfigurement, or anatomical loss affecting one or more of the following body systems: neurological; musculoskeletal; special sense organs; digestive; genitourinary, hemic and lymphatic; skin; and endocrine; or (B) any mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities. The phrase includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, mental retardation, emotional illness, and drug addiction and alcoholism;

(ii) "Major life activities" means functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning and working;

(iii) "Has record of such impairment" means has a history of, or has been misclassified as having a mental or physical impairment that substantially limits one or more major life activities;

(iv) "Is regarded as having an impairment" means (A) has a physical or mental impairment that does not substantially limit major life activities but is treated by a legal services program as constituting such a limitation; (B) has a physical or mental impairment that substantially limits major life activities only as a result of the attitudes of others toward such impairments; or (C) has none of the impairments defined in paragraph (c)(2)(i) of this section but is treated by a recipient as having such an impairment;

(i) "Qualified handicapped person" means: (1) With respect to employment, a handicapped person who, with reasonable accommodation, can perform the essential functions of the job in question; (2) with respect

to other services, a handicapped person who meets the eligibility requirements for the receipt of such services from the recipient;

(j) "Employment test or criteria" means any performance measure used as a basis for an employment decision including all formal, scored, quantified or standardized techniques used to assess the suitability of an applicant for a particular job;

(k) "Minority language group" means persons who are American Indian, Asian American, Alaskan Native or of Spanish heritage;

(l) "Labor force characteristics" means the demographic, racial, ethnic, sex and educational characteristics of the population of an employer's relevant labor market area or areas; and

(m) "Terms, conditions and privileges of employment" means all aspects of the employment relationship including compensation, fringe benefits, physical environment, work-related rules, work assignments, training and education and opportunities to serve on committees and decision making bodies.

Subpart B—Discrimination

§ 1624.1 General

No person shall be subjected by a recipient to discrimination in the provision of services, treatment, or employment practices on the basis of race, religion, color, sex, age, marital status, national origin, handicap, political affiliation or sexual orientation.

§ 1624.5 Discrimination prohibited—in the provision of legal services

(a) No recipient to which this part applies shall directly or through contractual or other arrangements discriminate against an individual in the provision of services on the grounds of race, religion, color, sex, age, marital status, national origin, handicap, political affiliation or sexual orientation.

(b) (1) A recipient, in determining the type of services, aid or benefits which will be provided, or the manner in which such services, aid or benefits shall be offered, may not directly or through contractual or other arrangements, utilize criteria or methods of administration with the purpose of subjecting individuals to discrimination on the basis of race, religion, color, sex, age, marital status, national origin, handicap, political affiliation or sexual orientation or which have the effect of substantially impairing accomplishment of the objectives of the program with respect to individuals on one of the bases outlined above.

(2) (i) An individual shall not be deemed subjected to discrimination if refused services by a recipient because his/her legal problem does not come within the recipient's priorities established pursuant to § 1620. Further, an individual shall not be deemed subject to discrimination by reasons of his/her exclusion from the benefits of a program limited by Federal law to individuals with a handicap or race, color, sex, national origin, or age group, not his/her own or from the benefits of a program specifically designed to address legal issues concerning a particular status not shared by the individual.

(ii) A recipient shall not be deemed to have discriminated in determining the site or location of facilities, unless selection was made with the purpose of excluding individuals from, denying them the benefits of, or subjecting them to discrimination under any program on the grounds of race, color, sex, religion, national origin, political affiliation, sexual orientation, age or handicap or with the purpose of substantially impairing the accomplishment of the objectives of this part.

(c) A recipient shall conduct its programs and activities so that, when viewed in their entirety, they are readily accessible to and usable by handicapped persons. This paragraph does not necessarily require a recipient to make each of its existing facilities or every part of an existing facility accessible to and usable by handicapped persons, or require a recipient to make structural changes in existing facilities when other methods are effective in achieving compliance. In choosing among available methods for meeting the requirements of this paragraph, a recipient shall give priority to those methods that offer legal services to handicapped persons in the most integrated setting appropriate.

(d) A recipient shall, to the maximum extent feasible, insure that new facilities it rents or purchases are accessible to handicapped persons. Prior to entering into any lease or contract for the purchase of a building, a recipient shall submit a statement to the regional office or other appropriate Corporation official certifying that the facilities covered by the lease or contract will be accessible to handicapped persons, or if the facilities will not be accessible, a detailed description of the efforts the program made to obtain accessible space, the reasons why the inaccessible facility was nevertheless selected, and the specific steps that will be taken by the recipient to insure that its services are accessible to handicapped persons who would otherwise use that facility. After a statement certifying facility accessibility has been submitted, additional statements need not be resubmitted with respect to the same facility, unless substantial changes have been made in the facility that affect its accessibility.

(e) A recipient shall ensure that new facilities designed or constructed for it are readily accessible to and usable by handicapped persons. Alterations to existing facilities shall, to the maximum extent feasible, be designed and constructed to make the altered facilities readily accessible to and usable by handicapped persons.

§ 1624.6 Discrimination prohibited—Employment practices

(a) No recipient to which this part applies shall directly or through contractual or other arrangements subject any person to discrimination in employment on the grounds of race, religion, color, sex, age, marital status, national origin, handicap, political affiliation or sexual orientation.

(b) A recipient shall make all decisions concerning employment in a manner insuring that discrimination on the basis of race, religion, color, sex, age, marital status, national origin, handicap, political affiliation or sexual orientation does not occur in the terms, conditions or privileges of employment.

(c) A recipient may not participate in any contractual or other relationship with persons, agencies, organizations or other entities, such as, but not limited to, employment and referral agencies, labor unions, organizations providing or administering fringe benefits to employees of the recipient, and organizations providing training and apprenticeship programs, if the practices of such person, agency, organization or other entity have the effect of subjecting qualified applicants or employees to discrimination on any of the bases enumerated in this subpart.

(d) A recipient program shall make reasonable accommodation to the known physical or mental limitations of an otherwise qualified handicapped applicant or employee unless the accommodation would impose an undue hardship on the operation of the program.

(1) For purposes of this paragraph (d), reasonable accommodation may include (i) making facilities used by employees readily accessible to and usable by handicapped persons, and (ii) job restructuring, part-time or modified work schedules, acquisition or modification of equipment or devices, the provision of readers or interpreters, and other similar actions.

(2) In determining whether an accommodation would impose an undue hardship on the operation of a recipient, factors to be considered include, but are not limited to, the overall size of the recipient's program with respect to number of employees, number and type of facilities, and size of budget, and the nature and costs of the accommodation needed.

(3) A recipient may not deny any employment opportunity to a qualified handicapped employee or applicant if the basis for the denial is a need to make reasonable accommodation to the physical or mental limitations of the employee or applicant.

(e) A recipient may not use employment tests or criteria that discriminate against handicapped persons, and shall insure that employment tests are adapted for use by persons who have handicaps that impair sensory, manual or speaking skills.

(f) A recipient may not conduct a pre-employment medical examination or make a pre-employment inquiry as to whether an applicant is a handicapped person or as to the nature or severity of a handicap except where the examination or inquiry is related to an essential job function.

(g) A recipient shall post a notice in a prominent place in each of its offices stating that it does not discriminate on any of the bases enumerated in this subpart.

(h) Any recruitment materials published or used by a recipient shall include a statement that the recipient does not discriminate.

Subpart C—Required recipient civil right program

§ 1624.7 Assurance

(a) Every application for financial assistance submitted under the Legal Services Corporation Act shall contain the assurance that the program will comply with this part.

§ 1624.8 Data and information requirements

(a) Each recipient shall collect, maintain and, upon request of the Corporation, submit the information set forth in this subpart. All information set forth in this subpart shall be collected unless the Director of the Corporation's Office of Equal Opportunity or his/her designee grants a written exemption to any information requirement for good cause shown by the recipient.

(b) Each recipient shall collect and maintain the following information:

(1) All information required by the Corporation in its instructions to recipients titled Application for Refunding:

(2) Data regarding employment including: (i) the number, race, sex and national origin of applicants for employment; (ii) relevant work force availability data by race, sex and national origin; (iii) staff composition by race, sex and national origin; (iv) the use or planned use of bilingual staff to provide equal access to legal services for members of minority language groups and (v) documentation of all recruitment efforts made in filling program vacancies; and

(3) A log of complaints under this part identifying the nature of the complaint, the date the complaint was filed, the date the recipient's investigation was completed and the disposition and date of the disposition.

(c) Each recipient shall permit access by the Corporation during normal business hours to its books, records, accounts, and other sources of information as may be pertinent to ascertain compliance with this part, except where such information would violate client confidentiality.

§ 1624.9 Required recipient civil rights program—delivery of services

(a) Recipients shall provide equal access to legal services to eligible clients regardless of race, religion, color, sex, age, national origin, handicap, political affiliation or sexual orientation and shall adopt:

(1) a written policy of equal access to services and equal employment opportunity and

(2) a written procedure for the uniform handling of complaints of discrimination approved by the Regional Office or Research Institute.

(b) A recipient shall designate a person to be responsible for monitoring each aspect of its civil rights program and an employee to assist persons alleging discrimination who shall be someone not responsible for the recipient's personnel decisions.

(1) This employee shall (i) be available to provide aggrieved persons with assistance in processing claims of discrimination, (ii) have the authority to review the underlying facts of such complaints and (iii) when requested by the complainant, shall seek to conciliate the complaint. This employee shall not be deemed to represent the complainant.

(2) In cases of claims of discrimination in the delivery of services where conciliation is not possible, the complainant shall be afforded all rights under the recipient's client grievance procedure adopted pursuant to § 1621.

(c) To insure that language minority persons have equal access to legal services, in any area where five percent of the eligible population are members of a minority language group, a recipient shall take the following steps:

(1) Employ persons who are bilingual in English and in the appropriate minority language in public contact positions in numbers sufficient in to accommodate the needs of the client community;

(2) Place bilingual employees in job categories where necessary to promote equal access to legal services including but not limited to clerical positions where it is necessary to translate materials into a minority language, attorney positions, paralegal positions, investigator positions and other positions which involve client contact and the direct provision of services;

(3) Provide informational literature, forms, notices, letters and other materials available to English-speaking clients in appropriate minority language(s).

(4) Conspicuously post signs in the appropriate minority language(s) stating that clients may request and receive services in those languages.

(d) Where a receipt serves an area where members of minority language groups comprise less than five percent of the eligible population, the recipient shall take all steps necessary to develop an appropriate capability for communicating with minority language clients or potential clients and shall make reasonable effort to comply with (c) (1)–(4) of this subpart.

(e) (1) A recipient that employs a total of 15 or more persons, regardless of whether such persons are employed at one or more locations, shall provide, when necessary, appropriate auxiliary aids to persons with impaired sensory, manual or speaking skills, in order to afford such persons an equal opportunity to benefit from the recipient's services. A recipient is not required to maintain such aids at all times, provided they can be obtained on reasonable notice.

(2) The Corporation may require a recipient with fewer than 15 employees to provide auxiliary aids where the provision of such aids would not significantly impair the ability of the recipient to provide its services.

(3) Auxiliary aids include, but are not limited to, brailled and taped material, interpreters, telecommunications equipment for the deaf, and other aids for persons with impaired hearing, speech or vision.

(f) A recipient shall take reasonable steps to insure that communications with its applicants, employees, and beneficiaries are available to persons with impaired vision and hearing.

§ 1624.10 Required recipient civil rights program—employment

(a) Recipients shall use the structure set out in § 1624.9(a) (1) and (2) and (b)(1) to ensure equal opportunity in employment regardless of race, religion, color, sex, age, marital status, national origin, handicap, political affiliation or sexual orientation.

(b) Recipients with 50 or more employees must implement an affirmative action plan approved by the Corporation's Director of Office of Equal Opportunity or his/her designee. All other recipients must develop an Equal Opportunity program in accordance with § 1624.9(a) (1) and (2) and (b)(1).

(c) Before developing an affirmative action plan or equal opportunity policy statement, a recipient shall determine if underutilization on the basis of race, national origin or sex occurs in any job category or unit of its work force by using an underutilization formula approved by the Corporation's Director of Office of Equal Opportunity or his/her designee.

(d) Written affirmative action plans required by this subpart must include at least the following elements:

(1) An Equal Opportunity policy statement;

(2) Specific data by race, national origin and sex concerning the recipient's current work force, applicant flow, hirings, promotions, training attendance, terminations and disciplinary actions;

(3) Appropriate labor force characteristics, including a breakdown by race, national origin and sex;

(4) A program of remedial or preventive action to correct employment disparities based on race, sex, or national origin;

(5) Goals and timetables to correct underutilization of women and minorities;

(6) A procedure for publicizing and disseminating the plan to all employees, applicants and the general public;

(7) A procedure for prompt and uniform handling of complaints of employment discrimination.

(e) The enumeration of specific requirements for an affirmative action plan does not limit the authority of the Corporation to require other elements in Recipient's Affirmative Action Plans in the presence of a past history of noncompliance with this part.

Subpart D—Conduct of investigation and review

§ 1624.11 Monitoring

(a) The Corporation shall monitor those recipients having the greatest disparity in the delivery of legal services on any basis prohibited by this part or appearing to have the most serious systematic employment problems.

(b) If the monitoring process finds noncompliance with this Part, the Corporation shall notify the recipient in writing of:

(1) Preliminary findings;

(2) Recommendations for achieving voluntary compliance, where appropriate; and

(3) The opportunity to engage in voluntary compliance negotiations, where appropriate.

(c) If voluntary compliance has not been secured within 30 days of the Corporation's recommendations, the Corporation shall make a formal written determination of noncompliance and the Corporation shall undertake the imposition of such sanctions as may be appropriate.

(d) All agreements to come into voluntary compliance shall be in writing, shall set forth the specific steps the recipient has agreed to take, and shall be signed by the Corporation's Director of Office of Equal Opportunity and an official of the recipient with authority to legally bind the recipient.

§ 1624.12 Complaint process

(a) In addition to or in lieu of using the recipient's complaint process, a complainant may file a complaint directly with the Corporation's Office of Equal Opportunity alleging a pattern and practice of discrimination by the recipient in the delivery of services or employment.

(b) If a complainant files an allegation of a pattern and practice of discrimination with the Corporation prior to availing itself of the recipient's grievance procedure, the recipient shall immediately be advised of the complaint and given 30 days in which to investigate, hear and attempt to resolve the complaint. Upon completion of the grievance process, the recipient shall submit written findings to the appropriate Regional Office or the Research Institute and the Corporation's Office of Equal Opportunity.

(c) No recipient shall intimidate, threaten, coerce, retaliate or discriminate against a person in order to interfere with any right secured by this part or applicable Federal or State law, or because he/she has made a complaint, testified, assisted or participated in any manner in any investigation, proceeding or hearing under this part.

Subpart E—Procedure for effecting compliance

§ 1624.13 Remedies

(a) Failure to comply with this part shall be regarded by the Corporation in the same manner as the Corporation regards a recipient's failure to comply with any other section of the Act or implementing regulations. Accordingly, the procedures described in Part 1606 may be pursued in the presence of violation of this part by a recipient.

(b) A recipient found to have discriminated in the delivery of services on the basis of race, color, sex, national origin, age, or handicap may be required to take affirmative action to overcome the effects of prior discrimination. Even in the absence of such prior discrimination, a recipient, in administering a program, may take affirmative action to overcome effects or conditions which result in limiting participation by persons on the grounds of race, color, sex, national origin, age or handicap.

(c) Where a recipient is found to have a work force or segment of the work force not on parity with the relevant labor market, the Regional Office or Research Institute may require its approval prior to the filling of all vacancies in such segment(s) of the recipient's work force in order to assure maximum efforts of affirmative action.

Mr. HELMS. Mr. President, just a moment ago I mentioned the exploding rate of Legal Services funding authorized and appropriated by this Congress. What has this accomplished?

This exploding rate of Legal Services funding has made possible increasing levels of involvement in all sorts of radical activist litigation and political lobbying efforts for which the Legal Services Corporation has become notorious.

These abuses were well-known at the time of the 1977 Legal Services amendments. They included, but by no means were limited to, the following examples of mismanagement and political activism.

Today, at lunchtime, Mr. President, we had as a guest the distinguished Secretary of Health and Human Services, Mr. Schweiker, a former Member of this body. If I remember correctly, he said that, at the present time, there are 21,000 lawsuits filed by legal services

attorneys against him, 21,000 lawsuits against the Secretary filed by these activist political attorneys being paid for by the taxpayers of America.

Mr. KENNEDY. Will the Senator yield on the question?

Mr. HELMS. No, sir, I will not yield.

Mr. KENNEDY. Will the Senator yield on the question of Legal Services lawsuits that are being brought to indicate to us the success——

Mr. HELMS. Mr. President, who has the floor?

Mr. KENNEDY (continuing). That the Legal Services lawyers have in courts? Will the Senator yield for that purpose?

Mr. HELMS. Mr. President, who has the floor?

The PRESIDING OFFICER (Mr. DENTON). The Senator from North Carolina has the floor.

Mr. HELMS. Mr. President, I do not choose to yield and I ask for regular order.

The PRESIDING OFFICER. The Senator will proceed.

Mr. HELMS. Mr. President, in an article for Barron's, Shirley Scheibla had pointed out that Massachusetts Law Reform Institute, an LSC funding recipient, had spearheaded a lobbying campaign for the graduated income tax in Massachusetts.

Pine Tree Legal Assistance, Inc., had litigated to return two-thirds of the State of Maine to the Passamaquoddy and Penobscot Indians.

The federally funded Western Center on Law and Poverty of Los Angeles and San Fernando Valley Neighborhood Legal Services of Pacoima, Calif., had sued to compel payment of supplemental social security benefits to alcoholics.

The legal action support project of the Bureau of Social Science Research, Inc., had studied food stamp recipients in order to lay the groundwork for a suit by Alaska Legal Services to require the Federal Government to actively encourage people to draw food stamps.

The LSC-funded Center for Law and Education had participated in a suit which led to a Federal district court placing South Boston High School in receivership in order to accomplish integration.

The Legal Services Corporation had filed a friend of the court brief on the side of the university in the Bakke case.

Far from using these abuses to curb the Legal Services Corporation, however, the 95th Congress expanded the LSC's charter to cover a number of the practices which funding recipients had, until then, engaged in illegally.

Following the passage of the 1977 amendments, activities of legal services recipients became even more brazen.

In 1979, the Neighborhood Legal Services office in Pittsburgh forced a Pittsburgh jail to transport an inmate to a hospital for an abortion. notwithstanding specific language in the Corporation's charter which states:

> No funds made available by the Corporation . . . may be used . . . to provide legal assistance with respect to any proceeding which seeks to procure a nontherapeutic abortion.

The Research Institute on Legal Assistance, in December 1979, used the federally funded Clearinghouse Review to solicit membership of legal services programs in a new coalition called Citizens for Tax Justice. That coalition represented the NAACP, the National Consumer Federation of America, the National Council of Senior Citizens, Texas ACORN, the AFL–CIO, and AFSCME. The contact point for groups interested in the coalition was the national social science and law project.

In June, 1977, Michael Shepard of Utah Legal Services litigated on behalf of a minor woman challenging HEW's policy of refusing to pay for nontherapeutic sterilizations of women under 21 years of age. The court dismissed the case, finding there was no "suspect classification" capable of sustaining a constitutional objection to the policy.

In Priebe against Wyman, a legal services grantee in Akron represented a mother seeking to abort her 6½ month pregnancy against the wishes of the child's father.

In June 1979, an article appeared in the New York Times outlining a suit by Michigan Legal Services to compel the Federal Government to define "black English" as a separate language and, therefore, to provide mandatory remedial language training to all blacks.

In 1979, Michigan Legal Services filed an amicus brief on behalf of a Governor's item veto of a provision barring State funds for nontherapeutic abortions.

In the meantime, lobbying by Legal Services recipients has become more brazen, notwithstanding the fact that 18 U.S.C. 1913 specifically prohibits any letter or communication advocating the passage or defeat of a legislative proposal which is financed with Federal funds. In May 1977, the National Consumer Law Center advertised that it "has traditionally devoted a significant amount of its resources to legislative activity at the State and Federal level, although its resources and willingness to be of assistance may not be generally known." Acknowledging that the Corporation was prohibited from lobbying by the Legal Services Act, it ignored the provisions of the criminal code which also prohibited recipients from lobbying, stating: "* * * the willingness of Legal Services attorneys to contact (and have others contact) Members of Congress can be crucial."

Similarly, the Luzerne County Legal Services Association advertised in Clearinghouse Review for a "law reform specialist" and the Contra Costa Legal Services Foundation bragged about its "tradition of strong community involvement and aggressive participation in local political, social and economic battles on behalf of its client communities."

Having participated in the legislative process, however, there seems to be no inclination by Legal Services attorneys to accept the result of that process. In Preterm Inc. against Dukakis, Greater Boston Legal Services challenged a Massachusetts law limiting expenditure of State funds to abortions necessary to prevent the death of the mother.

In G. against Edwards, the New Orleans Legal Assistance Corp. obtained a court injunction against enforcement of a Louisiana statute prohibiting use of public funds for abortion except to prevent the death of the mother. In Zbaraz against Quern, the Legal Assistance Foundation of Chicago won an injunction against enforcement of an Illinois law preventing State medical payments for abortions other than those performed to save the life of the mother.

The State and federally funded California rural legal assistance program filed a suit on behalf of 19 farmworkers challenging the entire system of publicly sponsored agricultural research seeking to produce more efficient farming equipment, claiming it was displacing migrant farmworkers.

Massachusetts Law Reform Institute, the same group which lobbied for the graduated State income tax, brought suit to challenge State interviews of 15,000 welfare recipients in order to reduce fraud.

The veterans education project advertised in Clearinghouse Review of the availability of material to help veterans thrown out of the army because of homosexuality to upgrade their discharges.

The Council for Public Interest Law is "working to encourage more agencies to establish publish participation funding programs for public interest law centers" notwithstanding that Congress has failed to authorize intervenor funding programs for these agencies and establishment without congressional authorization is unlawful under Green County Planning Board against Federal Power Commission.

In Beazer against New York City Transit Authority, the Legal Action Center of New York, Inc., successfully sued the New York City Transit Authority for failure to employ former heroin addicts, claiming that such a failure was discriminatory toward blacks and Hispanics. In addition to obtaining a judgment, attorneys in that case received $375,000 in attorneys' fees from the transit authority.

In in re Evans, the Montana Legal Services Association obtained a judgment that a preoperation was disabled for purposes of receiving SSI and disability benefits because he/she was "unable to engage in substantial gainful activity due to the severe emotional trauma she has experienced."

In Stevenson against Stevenson, the Legal Aid Society of Louisville successfully sued to establish the principle that a mother's lesbianism is not sufficient grounds for changing the custody of a child.

On Cape Cod, the Native Americans Rights Fund sued for the return of a large sector in the State of Massachusetts to the Indians.

And in the District of Columbia, the migrant legal action program went to court to challenge the Secretary of

Labor's failure to promulgate OSHA regulations for farm labor.

Almost all of the activities outlined above are directly federally funded by grants from the Legal Services Corporation. But the Clearinghouse Review, which is published and funded by the Corporation, also performs a very controversial function as a bulletin board for radical activism. Recent articles include:

A piece by an attorney with the National Center for Youth Law analyzing the "abortion-without-parents'-consent" decision in Bellotti against Baird, and stating that "it is important that Legal Services attorneys devote considerable energy to opposing the imposition of burdensome parental consent and notification requirements, either through legislative advocacy or through litigation." It adds:

> The National Center for Youth Law would be happy to assist with such efforts.

An Advocacy Guide to the Community Development Block Grant Program, intended to advise Legal Services lawyers in obtaining government funds. States the article: A community group's main consideration, for example, might be to back a sympathetic political faction or public agency over an unsympathetic one . . .

An outline of the status of intervenor funding legislation on the Senate agenda.

An article on "Police Brutality" by the Research Institute on Legal Assistance. According to this article:

> Legal services lawyers and others continue to litigate these difficult cases and contribute to an evolving body of law regarding them. As part of this effort to combat police abuse, several publications have been developed to assist both lawyers and clients.

It proceeds to cite a publication by the radical National Lawyer's Guild.

An article by feminist Sylvia Law on Reproductive Freedom Issues in Legal Services Practice. She concludes:

> The problems of ensuring poor women the right to reproductive choice are overwhelming. . . . Work in this area can also provide legal services lawyers opportunities to form alliances with others, help develop community organization, and strengthen the political base for dealing with issues that critically affect the lives of their clients.

If you want a fresh example, Mr. President, at this moment, officers and representatives of the Legal Services Corporation are just outside this Chamber, lobbying Senators to vote to keep this outfit in business.

Obviously, Mr. President, these lobbyists understand that there is $100 million in this resolution which can be used to preserve their jobs and their Corporation. Otherwise, they would not be engaged in such a lobbying blitz.

Based on these cases of Legal Services Corporation involvement in areas which are illegal according to the Legal Services Corporation Act of 1974, the widespread opinion that this program "has committed suicide" as columnist James J. Kilpatrick has said, is not without foundation.

On March 18 of this year, in the House of Representatives, the Honorable F. JAMES SENSENBRENNER quoted Kilpatrick to the effect that "if the Legal Services Corporation dies, it will have done itself in." Responding to the charges of the media commentators that the President and the New Right were out to "kill off" the Legal Services Corporation, Kilpatrick, in the March 15, 1981 Milwaukee Journal, wrote that:

> This would be a case of suicide, not homicide. The Legal Services Corporation, through its own failure to heed repeated warnings against its own activism, will have done itself in.

He went on to write that:

> The concept was so good. Call me a starry-eyed idealist if you will, but some American ideals deserve a starry-eyed devotion. One of these is carved in stone above the Supreme Court: "Equal Justice Under Law." It is an impossible ideal, to be sure, but no matter. We ought to strive for the impossible now and then.
>
> The idea behind the Legal Services Corporation was to put some element of balance in those famous scales of justice. The idea was to see that the poor person got a fair shake in his encounters with the civil law. . . .
>
> . . . Thus in 1974 came the Legal Services Corporation, with a mission to help. And it has helped. Through 323 local programs employing 5,000 lawyers, the corporation has gone to bat for thousands of poor persons in need of legal assistance: domestic relations, child custody, housing problems, welfare checks, divorce, employment.
>
> . . . But the corporation is heavily and unhappily influenced by ideological activists who have grander ideas. They see their role as a remaking of society. Many of the younger LSC lawyers are fresh caught from law school. Often their energy is surpassed only by their immaturity. Their passions cannot be fired by the humdrum fuel of a custody case. They want to be aggressive.

Mr. President, one of the LSC's oldest hands, Alan Houseman, who is Research Director for the Corporation, wrote and circulated a memorandum to LSC staff on December 29, 1980. In this memo, Houseman fretted over the survival of what he referred to as "committed, aggressive and political staff," reminding the staff that "aggressive advocacy" was needed to accomplish the Corporation's goals, which he defined in terms of "legislative and administrative representation, litigation, and community education." The Houseman memorandum went on to outline a comprehensive lobbying strategy.

These activities violate several provisions of sections 1006 and 1007 of the Legal Services Corporation Act of 1974. The case of the Penobscot Indian suit against the State of Maine is one example of this. To return one-third of the State of Maine to these Indians, as the suit sought to do, would cause the displacement of many thousands of poor persons and their families. The notion of poverty as a class problem variously manifested rather than an individual or family condition, a badly flawed concept, is fundamental to the legal services program. Every local legal services recipient organization is structured to function as a so-called public interest law firm in which the supposed public interest, for the poor as a class, is equated with questionable political conclusions.

I and millions of other Americans question and abhor the idea that it is in the interest of the poor that a policy of easy abortion be encouraged, that abortions be taxpayer financed, and that with respect to minor children abortions be performed without either parental notice or consent. Yet this is the prevailing ideology of the Legal Services Corporation.

Acknowledging the recidivist behavior of the LSC with regard to adherence to its charter, defenders of the Corporation nevertheless persist in defending it. A common argument is that class action suits—prohibited by the aforementioned sections of the act—account for a "mere 1 percent" of all cases handled by the LSC.

To place this argument in proper perspective, all one has to do is note that not a single example of those cases which I cited earlier could be called a class action. Nor need I mention the fact that just because a suit is not a class action does not mean it is not in violation of the Legal Services Corporation Act of 1974.

The political activities of the LSC, specifically lobbying, will consume $1.9 million of this year's budget. This is the estimate I received from a source inside the LSC who insists on retaining anonymity for fear of retaliation. Note that lobbying is not class action either.

This $1.9 million represents two-thirds of 1 percent of Legal Services' budget. However, no one has yet been able to quantify the total political activity of LSC.

The LSC is an outlaw program running wild. The staff of the Corporation likes to make a big deal about "helping the poor," but before we assume that the poor are being helped, we should be aware that increasing numbers of poor people have become alienated from the LSC, and in many cases, direct victims of LSC litigation targeted against them.

I question and abhor the idea that voluntary prayer be banned from the Nation's public school classrooms, on the grounds that it is in the interest of the poor to retain such a ban, yet taxpayer subsidized Legal Services attorneys are lobbying against the removal of such restrictions on prayer.

I question and abhor the idea that wilful, premeditated murder of the innocent cannot be made subject to capital punishment, yet Legal Services personnel use taxpayer resources to limit the availability of capital punishment, on the grounds that such a policy militates particularly against the poor.

I abhor the idea that reductions in property and income taxes such as those proposed in California and Massachusetts for working Americans are being opposed at taxpayer expense by subsidized LSC recipient personnel, who regard such tax cuts as depriving the poor of access to resources to which, in the opinion of such attorneys, they are entitled as a matter of right.

I abhor the LSC-propagated notion that students have a property right in their diplomas and that competency testing violates the civil rights of students who are unable to meet academic standards.

I applaud the President's courageous decision to propose the abolition of this counterproductive program which has arrogated to itself the right to use public funds to propagate its secular faith in liberal nostrums of class conflict, sexual liberation, economic redistribution, and governmentally mandated equality of result.

I further agree with the President and with conservative Democrats in the House of Representatives that no amount of reshuffling of budget categories can assure us that the heavy hand of the Federal Government will not again reassert itself in the area of legal services.

Therefore, for the sake of insuring, once and for all, that the Federal Government is extricated from the legal services area, I encourage my colleagues to support my amendment.

Mr. President, the president of the American Bar Association, Mr. William Reece Smith, Jr., has publicly criticized President Reagan's decision to terminate funding for the Legal Services Corporation. Mr. Smith has also attempted to generate support for this controversial program from State bar associations and bar leaders across the country. Staff of the ABA has also been involved in lobbying for continuation of the Legal Services Corporation.

I am sure, of course, that such efforts by Mr. Smith and the ABA staff—in conjunction with the LSC bureaucracy—have had some success. But support for the ABA-LSC position is far from unanimous among lawyers and State bar associations. In fact, most lawyers with whom I talk oppose continuation of funding for this controversial program. The North Carolina Bar Association, for example, has deep reservations about the continuation of the LSC in my State and the association's general practice committee is currently reviewing North Carolina's participation in the Federal legal services program.

Significantly, the president of the North Carolina Bar Association, Mr. Dewey W. Wells, declined to go along with Mr. Smith's blanket endorsement of the Legal Services Corporation. At this point, I shall insert into the RECORD a copy of Mr. Wells' letter to Mr. William Reece Smith, Jr., in which Mr. Wells states:

> The ABA is not reflecting the prevailing viewpoint of American lawyers when it supports a continuation of funding of LSC as it and its affiliates are now operating.

Mr. President, I ask unanimous consent that there be printed in the RECORD the copy of Mr. Wells' letter to Mr. William Reece Smith, Jr., to which I referred.

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

NORTH CAROLINA BAR ASSOCIATION,
Raleigh, N.C., March 18, 1981.

Mr. WILLIAM REECE SMITH, Jr.,
President, American Bar Association, American Bar Center, Chicago, Ill.

DEAR REECE: I acknowledge receiving your letter of March 13 inviting our Association to join American Bar Association representatives on April 1 to call on Senators and Congressmen to solicit their support of continued funding of Legal Services Corporation.

We will not be able to join you in that endeavor because whether the North Carolina Bar Association continues to support LSC is in doubt. Reacting to the concerns of many members, last fall I requested our Committee on General Practice to study the operations of Legal Services of North Carolina, Inc. It is doing so and I expect it to report to the Board of Governors next month. I expect the Board then to take a position favoring either the continuation, or the reordering, or the termination of LSC.

My personal opinion is that the ABA is not reflecting the prevailing viewpoint of American lawyers when it supports a continuation of funding of LSC as it and its affiliates are now operating. Their lobbying and "community education" efforts, and their resistance to funded participation by private lawyers, has justifiably deprived them of the support of a large portion of the bar which remains genuinely concerned about the availability of legal services to the poor.

Engaging in the advocacy of political and social causes is not only a deviation by LSC from the Congressional intent. It consumes a significant portion of the funds appropriated to it at a time when most Americans seem ready to adjust to a substantial reduction in inflationary government spending. It is disappointing that the ABA does not at least moderate its support of LSC by conceding that some economies are in order.

Yours sincerely,

DEWEY W. WELLS.

Mr. HELMS. I thank the Chair. I reserve the remainder of my time.

Mr. MOYNIHAN and Mr. DANFORTH addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I yield such time as the Senator from New York may need.

Mr. MOYNIHAN. I thank the distinguished Senator from South Carolina.

Mr. President, I rise as perhaps the one Member of this body who was a member of the Task Force on Poverty which President Kennedy set up in 1963, prior to his assassination, and which President Johnson, to his great and historic glory, continued and brought to fruition as the Economic Opportunity Act of 1964, out of which grew the noble idea that the U.S. Government should provide a measure of legal representation in the courts of our Nation for those who could not afford it.

That was an idea that began under one Democratic President and was endorsed by the Republican President who succeeded him. The idea of a Legal Services Corporation was put forth first under President Nixon. He acknowledged that it would have difficulties and embarrass some persons and discomfort others, but he insisted that nothing was finer in the American political tradition than that we should accept such difficulties and embarrassments because the issue involved was justice—justice; that juries would decide, not lawyers; that judges would rule, not lawyers.

Following President Nixon's acute perception that a separate legal corporation ought to be set up independent of this body, of the executive branch, at length, proposed in 1971, it was established in 1975. It is one of the things that we are proud of in this Nation. I cannot imagine that this body, that has so long supported an idea that is essential to us, that embodies the whole purpose of a lawmaking institution—that the laws should be observed and justice should be done—would now consider abolishing that tradition.

Mr. President, I know there are Members on both sides of this aisle who feel as strongly as I do. I see the Senator from Missouri, who has served with such distinction as the attorney general of his State, has risen. I hope he might speak. I know the Senator from Massachusetts tried to speak and no doubt will. I simply wish to make my judgment clear.

Mr. President, I do ask that there be order for those other Senators who wish to speak now.

Mr. DOMENICI. Mr. President, I yield some time to the Senator from Kansas. How much time does he desire?

Mr. DOLE. Three minutes.

Mr. DOMENICI. I yield 3 minutes to the Senator from Kansas.

Mr. DOLE. Mr. President, I am going to yield to the majority leader.

Mr. BAKER. Mr. President, I support the position offered by the administration. It may be that, indeed, there will be a redesign of a system for Legal Services and it may be that the distinguished members of the Judiciary Committee will bring us such a recommendation. But the Budget Committee does not have the last word to say in that respect.

I wish to make it clear that I shall support the recommendations that have been made by the administration in this respect.

Mr. HELMS. I thank the distinguished majority leader.

Mr. DOLE. Mr. President, I should like to take a minute or two on another tack on which the distinguished Senator from Louisiana and others might agree.

What the amendment would do is require the Committee on Finance to cut an additional $100 million from both fiscal 1982 and 1983. This amendment, as I understand it, is intended to eliminate $100 million allegedly earmarked in social services block grant for the Legal Services Corporation.

Mr. President, I share many of the concerns of the distinguished Senator from North Carolina (Mr. HELMS) about the excess of legal services attorneys. I see no reason for the Federal Government to pay attorneys to tie up Federal programs in endless litigation or to lobby against legislation that they do not favor. Nevertheless, I see no need for this amendment. There are, in fact, no funds earmarked for legal services as part of social services block grant or as part of anything else in the Finance Committee's jurisdiction.

This amendment does not prevent any spending for legal services. Whether it passes or not, the Finance Committee can still authorize spending for legal services as a permissible use for social services funds. Therefore, the only real effect of the amendment is to force the Finance Committee to save an additional $100 million in its programs.

Mr. President, the Finance Committee is already required to produce $8.8 bil-

lion in savings in fiscal year 1982 and $10.87 billion for fiscal year 1983. This will be a painful task. I do not want to see the Finance Committee's task to be made more difficult simply because of a fear, which I believe unwarranted, that the Finance Committee will permit the funding of the Legal Services Corporation.

Mr. President, I am aware that there is some concern that members of the Budget Committee may have hoped that social services funds would be used to fund the Legal Services Corporation. I do not know what was on the minds of the Budget Committee when it approved the Finance Committee budget totals—I cannot psychoanalyze the members of the Budget Committee. Nothing in the Budget Committee's report indicates such an intent or any earmarking.

While I do not know what was on the minds of Budget Committee Senators, I know what is on my mind. The Finance Committee will make this decision, not the Budget Commitee.

This will be a painful task in itself. I have not determined yet where the Finance Committee comes in. We have almost reached the limit. I would be pleased to work with the Senator from North Carolina and others who have opposing views when it comes to our committee.

As I said, I cannot focus on the Budget Committee, but I know that the Finance Committee will finally make the decision. I just want to set the record straight. I do not believe the Senator from Louisiana disagrees with that.

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

Mr. DOLE. I yield.

Mr. LONG. I say to the distinguished chairman of the Finance Committee, the Senator from Kansas, that no one agrees with the argument made by the Senator from North Carolina more than I do.

Some years ago, I offered an amendment trying to stop the practice of using the so-called poverty lawyers to sue the Government. I argued at that time that the most insane thing I could think of was to hire a lawyer to sue yourself. As I said at that time, nobody but an idiot would do that. I thought that was what the Government was doing when, to use the quotation of the Senator, our Government was paying for 25,000 lawsuits against ourselves, against the Secretary of HEW, who was doing what we wanted him to do.

I agree with the Senator's argument completely. On the other hand, the Finance Committee will have great difficulty getting within the funds provided in things we think are very important.

For example, very little money would be available for family planning. I believe that in that one area, every dollar that is saved is going to cost us $10 by adding to our welfare load in the long run.

So there are a lot of areas where we are not going to have enough money to do the things we think are necessary with regard to other social services.

While I agree with the Senator from North Carolina I believe that the money is going to be very much needed, and we will have great difficulty reducing by the $8 billion we are required to cut, without serious harm to a lot of unfortunate people.

So while I agree with the Senator from North Carolina, I believe the money will be needed for other services.

Mr. HELMS. Mr. President, will the Senator yield on my time?

Mr. DOMENICI. I yield.

Mr. HELMS. The hundred million dollars, if this amendment is not approved, will remain in the Finance Committee. Is that correct?

Mr. DOMENICI. That is correct.

Mr. HELMS. What is going to happen to the hundred million dollars?

Mr. DOMENICI. Is the Senator asking that of the Senator from New Mexico?

Mr. HELMS. I ask the distinguished chairman of the Finance Committee first, or the ranking minority member, or whoever.

Mr. DOLE. I will have to ask the distinguished chairman. Is that part of our $8.8 billion?

Mr. DOMENICI. That is part of the social services block grant that the President recommends, which would include merging into one block grant title XX day care, title XX local training, development, disabilities—a long list that the President said should all be put in one block, if you want to. It is still up to you. Then the States would end up using it for those things or not, depending on how you all drew the law and how it passed Congress.

Mr. DOLE. We do not have jurisdiction over the Legal Services Corporation.

Mr. DOMENICI. The point I should like to make—and then I will yield to the distinguished Senator who will take my place, and I will designate the time to him for the evening—is that, first of all, there is nothing done in this reconciliation resolution on the Legal Services Corporation—period, unequivocally, absolutely. The reason is that there is no authorization presently alive as a law on legal services, as the distinguished chairman of the committee knows. It has expired.

We cannot reconcile against unauthorized programs. That is sort of what we were doing on the last amendment—just telling a committee to save money. There is no law to reconcile against.

The Legal Services Corporation is still back. It is still back in their lap, with whatever authorizing money they have. They use it for CETA, they use it for all the different programs, and they may still use it for the Legal Services Corporation, I say to the Senator from North Carolina (Mr. HELMS), there is nothing in here that inhibits, entices it, or prohibits it.

Mr. HELMS. There is nothing in here except the $100 million, which is $100 million more than President Reagan requested. Is that not correct?

Mr. DOMENICI. The block grant has $100 million more in it than the President requested. That is absolutely correct. But the block grant as requested by the President had legal services in it. It just did not have the extra $100 million in it. It had it in before, and you put $100 million in for the whole block.

It just appears to me that when the block grant is $5 billion, you have neither assured nor have you destroyed what the President asked for, which was, "Put it in the block, but don't carry its money in it," so the block becomes a smaller percent for each of the programs. We put $100 million back in because there was a program, juvenile justice, that everyone thought should not be zeroed out, and it was totally zeroed out. We put it in the block and said, "Put $100 million in."

So it seems to me—and I say this in all respect to the Senator from North Carolina, one of the best friends I have—that the Senator's amendment will not effectively cause legal services to be part of that block grant, nor will it take it out—neither one. The only way the Senator can make sure it is out is to take every bit of money out of that block grant—every bit.

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

Mr. DOMENICI. I yield.

Mr. DOLE. When that block grant came to the floor, the Senator could then offer an amendment.

Mr. DOMENICI. I mean in this reconciliation.

Mr. DOLE. At another time.

Mr. DOMENICI. Yes. He could go to the Finance Committee and say, "You should not include legal services as a permissive block grant for the States," and the Senator's committee would have to decide. If the committee put it in, the Senator from North Carolina could still come to the floor and say it should not be there.

There is a third protection. The committee could put it in, and the States may not use it. The States would not have to put it in if it is permissive.

So I hope that the Senator will not insist that we vote, because the Senator from New Mexico would oppose the amendment, not on the basis of legal services but on the basis that $100 million should be left in that block grant for the Finance Committee to decide the parameters of the block grant, and the Senate would debate the issue of what is in there.

Mr. HELMS. Mr. President will the Senator yield, on my time?

Mr. DOMENICI. I yield.

Mr. HELMS. What confuses me is that Mr. Bell, of the Budget Committee staff, said precisely and specifically that the $100 million which is the subject of this amendment included funds to save the legal services programs. This is what confused me.

Mr. DOMENICI. He is as wrong as Dave Stockman is in his letter. They are both wrong. Dave Stockman says in his letter, specifically:

We support your amendment to add $100 million savings to the social services block grant reconciliation instructions to eliminate earmarked funds for legal services.

That is not so. There are no earmarked funds. And Steve Bell is just as wrong.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. I yield.

Mr. MOYNIHAN. Are there any earmarked funds in this resolution?

Mr. HELMS. No.

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

Mr. DOMENICI. That is why I say that Dave Stockman is just as much in error as our staff people.

Mr. MOYNIHAN. He is wrong.

Mr. DOMENICI. That is correct.

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

Mr. DOMENICI. I yield all the time on the resolution to the Senator.

Mr. HATCH. Mr. President, in our Subcommittee on Aging, Family, and Human Services, chaired by the distinguished Senator from Alabama, when we made the markup in the Labor Committee, there was $100 million earmarked for the Legal Services Corporation.

The committee sent our budget mark to the Budget Committee and in the Budget Committee—maybe I better go back a step—as I recall based upon economic assumptions we were using at that time we were about $3 billion over what President Reagan had asked us to cut. When we went to the Budget Committee it came down to a donnybrook on the Budget Committee concerning how much of that $3 billion we would have to cut out, and it came down to a fight among the members of the Budget Committee, and I might add a series of negotiations among members of the Labor Committee as to what programs we should try to save.

I made the motion in the Budget Committee of those $3 billion we were overusing the economic assumptions that we used on the Labor Committee which are different from those used by the Budget Committee. Of the $3 billion we moved to save $353 million for the handicapped, which restored the full amount that we had projected for the handicapped, $345 million for educational block grants for elementary and secondary education because we believed, and we think we are right to this day, that we will not be able to implement the block grant program quickly enough to prevent the taking of funds out of State and local programs, and we added another $300 million for youth jobs and CETA, for a total of $998 million.

That passed by a vote of 12 to 10.

Knocked out of the Labor Committee mark by the Budget Committee was about $2 billion, including $100 million for the national Legal Services Corporation.

So as we stand here right now and in the budget reconciliation request that we are all debating, this resolution, Senate Concurrent Resolution 9, there is not a dime in this resolution for the Legal Services Corporation.

Now we have noticed that there is $100 million in title 20 social services funding for what has been described as juvenile justice and legal services for the poor.

It is my understanding, and I hope someone will correct me if I am wrong, that should those funds be permitted to stay in, should either the Senator's amendment be defeated or withdrawn, should funds stay in they will not be earmarked by the Finance Committee for the national Legal Services Corporation. That is my understanding because the jurisdiction of the national Legal Services Corporation lies in the Labor and Human Resources Committee.

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

Mr. HATCH. Let me just add one or two points.

Mr. HELMS. Let me say I have never suggested that they were earmarked.

Mr. HATCH. I am not suggesting that the Senator has.

Mr. HELMS. I thank the Senator.

Mr. HATCH. I am trying to make clear they should not be earmarked for the national Legal Services Corporation.

It is one thing to keep $100 million extra money in the Finance Committee title 20 social services fund for whatever purposes they want as long as they do not overlap the jurisdiction of the Labor and Human Resources Committee which has jurisdiction over the national Legal Services Corporation.

It is another thing to utilize those funds by that committee for legal services for the poor as determined by the States through the block grant and for juvenile justice programs, and that is my understanding as to what the Finance Committee is likely to do.

I wish we had the distinguished chairman of the Finance Committee here because I think he would confirm, but the distinguished minority leader of the Finance Committee is here. I ask the distinguished minority leader: Is that not basically what the $100 million is likely to be used for if it is used for legal services at all?

Mr. LONG. I am sorry. My attention was diverted.

Mr. HATCH. We left $100 million in title 20 social services in the Finance Committee.

Mr. LONG. Yes.

Mr. HATCH. That has basically been described as money for juvenile justice and legal services for the poor through a block grant approach which the States would determine. Is that correct?

Mr. LONG. Yes. But, of course, there is no requirement that it be used that way. It can be used for other social services.

Mr. HATCH. Is it not likely either they use it for other social services or they will use it for juvenile justice for legal services for the poor?

Mr. LONG. Yes.

Mr. HATCH. If they decide not to use it for that purpose that means they will use it for some other social spending purpose not related to legal services.

Mr. LONG. That is correct.

Mr. HATCH. Under no circumstances will the Finance Committee come out with a bill or with a recommendation that those funds be used to fund the national Legal Services Corporation?

Mr. LONG. No. I can only speak for myself as the Senator from Kansas spoke for himself. But I think I have been heard to be as critical of the activities of the Legal Services Corporation as the Senator from North Carolina has been. I applaud what he said here. I really think that that organization has gone far beyond what most of us think should be the case.

Mr. HATCH. What I am saying is that I believe there is no desire on the part of the Finance Committee to assert jurisdiction over the national Legal Services Corporation or to have any of these funds earmarked for the perpetuation of this.

Mr. LONG. Not to my knowledge.

Mr. HATCH. Let me just go a little bit further.

I believe that the distinguished Senator from North Carolina realizes that I have been a supporter of the national Legal Services Corporation ever since I have been a Member of this Senate. I have had grave reservations in supporting it, and I can remember fighting the bill in 1977 and getting a number of amendments through and also reducing some of the total budget because they wanted to jump it, as I recall, from $117 million to $225 million, and I believe we went back to $205 million as a result of the work of the Senator from Utah on the floor.

I have worked in the committee and when we passed the bill, reauthorized the bill, I think last year or the year before—I cannot even keep track of it—we again raised concerns about the nature of the Legal Services Corporation and the exotic law and law approach that was being used by certain attorneys working for the national Legal Services Corporation.

We raised those issues. We were assured that these funds would all go to just help the poor, that they would go in a nonexotic law way to help the poor, and that they would basically stay away from these very controversial areas that have caused considerable controversy on the floor ever since I have been here in the Senate and which I think the distinguished Senator from North Carolina has more than adequately described this evening and which I think the distinguished Senator from Louisiana has described to a degree.

I personally believe that the national Legal Services Corporation has done itself in. I believe they have continued to ignore the wishes of this body after we have given it every opportunity to be the official quasigovernmental corporation to help the poor, that they have continued to go out and to lobby the Federal Government, to lobby Members of Congress, to lobby in State legislatures and elsewhere and to continue to promote rules and regulations which are contrary to the best interests of the poor and finally which are contrary to the desires of those of us who have actually tried to keep this corporation alive over the last 4 years.

Will the distinguished Senator from North Carolina agree with me on that?

Mr. HELMS. I do, indeed.

Mr. HATCH. I have to admit that I worry a considerable amount about legal services for the poor and about the needs of the poor, but I also worry about funding organizations that continue to exceed their mandate and continue to just fly in the face of all we have tried to recommend to them over the years that some of us sincerely have tried to support that organization.

I believe that the President of the United States is right in asking that it not be funded. So I intend to support the President of the United States.

I do recommend, however, that with at least the good faith assurance of the distinguished Senator from Louisiana the $100 million in the title XX funds in the Finance Committee be allowed to remain for whatever purpose they utilize with the understanding that we will not expect them to reauthorize in any way the national Legal Services Corporation over which Labor and Human Resources Committee has jurisdiction.

Personally I believe it is time to send a message to these people that we are sick and tired of them not exclusively working for the poor.

I can tell Senators that I have had people from Utah, very serious and sincere attorneys, who voluntarily came back here at their own time and expense and at the expense of other attorneys who have begged us to keep the national Legal Services Corporation alive, attorneys who I know are impeccable, top-rated attorneys, who literally have worked very hard in Utah to have the national Legal Services Corporation do what really was proper and legal for the poor.

I believe in Utah the situation is that the Legal Services Corporation has rendered a good service to the poor and has done so within the framework of the mandate we have talked about on the floor.

Mr. CRANSTON addressed the Chair.

Mr. HATCH. I am prepared to yield back the time under the circumstances that I think we have beaten this to death, and I would be interested in the distinguished Senator from California. I will yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mr. CRANSTON. Mr. President, I rise in opposition to this amendment, and I will speak very briefly. Although it has been described by its sponsor as eliminating funding for the Legal Services Corporation—the future of the legal services program, which I believe is absolutely essential, is simply not at issue here, as was pointed out by the distinguished Senator from New Mexico, the chairman of the Budget Committee, who is managing the bill.

This amendment would reduce by $100 million funds available to the Finance Committee for social services programs for low-income and disabled individuals. The legal services program is now within the jurisdiction of the Labor and Human Resources Committee and the future of this program will be before the Senate at an appropriate time. But this is not the time, and this is not the amendment.

This amendment, if accepted, could result in a reduction of funds allocated for programs such as day care services for low-income children, for services to home-bound disabled and elderly individuals, for the care of abused and neglected children.

Mr. President, these programs are already facing drastic reductions under the Budget Committee's and the administration's proposal. Further cuts are simply unconscionable. These are programs that needy individuals depend upon for basic survival. I strongly urge the defeat of this ill-advised and ill-designed amendment.

However, I want to add one comment about the legal services program itself.

Our system of justice is based upon the peaceful, orderly resolution of disputes and conflicts. The assistance of counsel is essential to this system. The right to be heard is of little avail—even to an educated layman—without counsel.

The legal services program is based upon the very simple, fundamental premise that the poor—no less than the wealthy—are entitled to legal representation to redress grievances and defend their interests.

Our society—our social compact—is based upon the concept that all citizens, no matter what their financial circumstances, are entitled to be protected by the law. This right to equal protection of law and access to the judicial system is a basic right arising from our system of justice. A fair and just government cannot countenance denying people the protection of the law because of poverty. The Legal Services Corporation is an example of what a fair and just government can and must do to bring equal justice to its people.

I am delighted now to yield to my friend from Missouri.

Mr. HATCH. What I would like to do at this time is yield the remainder of the time from Senator DOMENICI to the distinguished Senator from South Carolina and then take the chair so that I can relieve my colleague.

The PRESIDING OFFICER (Mr. HATCH). The Senator from Missouri.

Mr. EAGLETON. Mr. President, I thank my colleague from California.

The purpose of the legal services program is a simple, but essential one—to provide equal access to our system of justice for those persons who cannot afford to pay for legal assistance. That purpose is rooted in the fundamentals of our democratic society.

The legal services program has been in existence now for nearly 10 years. To be sure, it has experienced many difficulties in the course of its development since it was established as a part of the Office of Economic Opportunity in 1964, but now it is enthusiastically supported by the American Bar Association and by State and local bar associations across the country.

Let me quote from an article written by a widely recognized and, at times, thoughtful conservative, Mr. James J. Kilpatrick, in the Washington Star of Tuesday, June 10, 1980. Mr. Kilpatrick wrote of his original opposition to the Corporation, but then went on to say:

> The Corporation has come a long way from those angry days in 1973 and 1974 when many of us on the conservative side fought like bobcats against its very creation.

Further along in his column, Mr. Kilpatrick gets to the funding of Legal Services:

> The pending Senate bill would authorize $321.3 million for the Corporation in Fiscal '81. It is a seriously needed sum. In the nature of things, poor families can accept the realities of being poor; they are not going to have the food, clothing, housing, higher education and material amenities of the rich. What they cannot accept is the sense of being unfairly ground down by the millwheels of the law.
>
> We never will achieve the ideal of truly equal justice. Outside the antiseptic realms of mathematics, literal equality does not exist and ought not to exist. But at law, we must keep trying. The preamble to the Constitution pledges a national purpose "to establish justice." Let us get on with the job.

Mr. Kilpatrick argues the case with as great an eloquence as I have heard.

Just a little over a week ago, Mr. Kilpatrick again devoted a column to the Legal Services Corporation, in which he states that if the Legal Services Corporation dies, it will have done itself in through its own lobbying efforts. But Mr. Kilpatrick concludes that column as follows:

> The concept is worth saving. Heaven knows it is! I will cling to the ideal willy-nilly. But perhaps some other mechanism—block grants to the states, or pro bono services by private attorneys—would be better. If the Corporation dies, the need will still be there.

Mr. President, I ask unanimous consent that the two aforementioned articles by Mr. Kilpatrick be printed at this point in the RECORD.

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

OF JUSTICE FOR ALL

If there is one concept that our nation cherishes more than any other, it is the commitment that is carved in stone at the Supreme Court. The legend reads, "Equal Justice Under Law." Year by year we creep a little closer toward that distant goal.

That cheerful observation is prompted by a report from the Legal Services Corporation, marketing its first five years of operation. The corporation has come a long way from those angry days in 1973 and 1974 when many of us on the conservative side fought like bobcats against its very creation.

These days the Legal Services Corporation keeps a low profile. That was not the image projected by its predecessor outfit, the legal services arm of the now defunct Office of Economic Opportunity. Many "poverty lawyers" identified with the OEO program were hot-eyed social activists, little interested in the humdrum legal problems of the poor. Conservatives in both House and Senate had good reason to oppose the expenditure of tax funds on firebrand causes.

As a consequence, the bill to transfer the legal services program from OEO to a new corporation ran into a filibuster in the Senate and a bitter floor fight in the House. In order to avoid a presidential veto, sponsors accepted a host of restrictive amendments intended to dispel these lingering apprehensions.

Lawyers attached to the corporation are positively forbidden to engage in public demonstrations, picketing, boycotts, strikes, lobbying, partisan politics, voter registration

drives and the like. The act prohibited the establishment of "backup centers" that were seen by many of us as mere seedbeds for hothouse revolution.

By a margin of only seven votes in the House, the legal services bill survived a motion to recommit. The corporation wobbed into existence on rubbery legs. Now, six years later, it stands on its own two feet. Pending bills to extend the program's life for two years (in the Senate version) or three years (in the House) may set off brief thunder on the floor, but no typhoons are in sight.

As one of those who hollered the loudest six years ago, perhaps I may be permitted a round of applause today. Here and there abuses continue. A sneaking suspicion will not go away that the corporation has neatly evaded the law's prohibition against backup centers by creating backup centers and calling them something else, e.g., the National Clearinghouse on Legal Services.

Let it go. As it moves into its sixth year, the corporation is funding 335 independent programs staffed by more than 5,000 attorneys and 2,500 paralegals. In 1979 local offices dealt with more than a million legal problems of the poor. What kind of problems? Child custody. Food stamps. Election. Disputed bills. Contested eligibility for welfare benefits. None of this is the stuff from which landmarks are made, but it is the very heart and soul of a legal services program.

The corporation's clients are 57 per cent white, 30 per cent black, 10 per cent Hispanic. Only a fifth of them are employed; most are living on welfare or Social Security. More than a third of the legal problems involve family matters. Another 13 per cent concern landlord-tenant relationships. Half the cases are settled within a month. The corporation proudly notes that only 2 per cent of its budget goes to administration; 95 per cent of last year's $270 million appropriation went directly to legal services.

The pending Senate bill would authorize $321.3 million for the corporation in fiscal '81. It is obviously a substantial sum, but it is a seriously needed sum. In the nature of things, poor families can accept the realities of being poor; they are not going to have the food, clothing, housing, higher education and material amenities of the rich. What they cannot accept is the sense of being unfairly ground down by the millwheels of the law.

We never will achieve the ideal of truly equal justice. Outside the antiseptic realms of mathematics, literal equality does not exist and ought not to exist. But at law, we must keep trying. The preamble to the Constitution pledges a national purpose "to establish justice." Let us get on with the job.

LEGAL SERVICES COMMITTING SUICIDE

(By James J. Kilpatrick)

This is a hard column to write. For the past seven years, in lonesome opposition to fellow conservatives in Congress and in the press, I have been sticking up for the Legal Services Corporation. Now President Reagan wants to abolish it. It hurts to abandon a favorite cause, but maybe the time has come to let it go.

If Congress concurs, it will be said of the Legal Services Corporation that Reagan and the New Right "killed it off." Don't believe it. This would be a case of suicide, not homicide. The Legal Services Corporation, through its own failure to heed repeated warnings against its own activism, will have done itself in.

STRIVE FOR IMPOSSIBLE

The concept was so good. Call me a starry-eyed idealist if you will, but some American ideals deserve a starry-eyed devotion. One of these is carved in stone above the Supreme Court: "Equal Justice Under Law." It is an impossible ideal, to be sure, but no matter. We ought to strive for the impossible now and then.

The idea behind the Legal Services Corporation was to put some element of balance in those famous scales of justice. The idea was to see that the poor person got a fair shake in his encounters with the civil law. Was he being wrongly evicted from his home? Was he being unfairly persecuted by a creditor? Was he being denied some public benefit that rightfully was his? Was he trapped in some impenetrable maze of regulations?

Almost 40 years ago, as a young reporter, I covered what were known as the Civil Justice Courts. Here a rough form of stamp style. Every city has such tribunals. Here merchants and dotcors and loan sharks sue for unpaid bills. Landlords seek eviction orders. Many defendants never appear at all. Other defendants stand in bewildered resentment. They never heard of a garnishee. "Judgment granted . . . Judgment granted . . . Judgment granted." Ordinarily the poor fellow never stands a chance.

MISSION TO HELP

Thus in 1974 came the Legal Services Corporation, with a mission to help. And it has helped. Through 323 local programs employing 5,000 lawyers, the corporation has gone to bat for thousands of poor persons in need of legal assistance: domestic relations, child custody, housing problems, welfare check, divorce, employment. Such humble causes are overwhelmingly the business of the LSC.

But the corporation is heavily and unhappily influenced by ideological activists who have grander ideas. They see their role as a remaking of society. Many of the younger LSC lawyers are fresh caught from law school. Often their energy is surpassed only by their immaturity. Their passions cannot be fired by the humdrum fuel of a custody case. They want to be aggressive.

One of the corporation's oldest hands, research director Alan Houseman, circulated a fire-breathing staff memorandum on Dec. 29. He feared for the survival of "committed, aggressive and political staff." He pleaded for "aggressive advocacy," which he defined in terms of "legislative and administrative representation, litigation and community education." He foresaw possible restrictions that would prevent the LSC lawyers from suing local governments.

LOBBYING EFFORT

The Houseman memorandum outlined a comprehensive lobbying effort to preserve not only the Legal Services Corporation but other social programs also. He suggested battle plans for opposing Reagan appointees who might be "hostile to aggressive legal services." He anticipated "severe problems with the Senate." He charted strategies for effective lobbying, and in a companion memorandum he proposed specific lobbying assignments for members of the LSC staff—for Dan, Mary, Mario, Judy, Bruce, Bernie, Gerry, Steve, Alan, Andy and others.

Observers differ on whether the law prohibits the corporation from using public funds for such lobbying. That issue is almost immaterial. The question is whether the corporation, under present law and present leadership, is capable of adhering faithfully to the humble but important duties for which it was created. The Houseman memoranda raise almost insurmountable doubts.

The concept is worth saving. Heaven knows it is! I will cling to the ideal willy-nilly. But perhaps some other mechanism—block grants to the states, or pro bono services by private attorneys—would be better. If the corporation dies, the need will still be there.

Mr. DANFORTH. Mr. President, I yield myself 10 minutes on the resolution.

The PRESIDING OFFICER. Who yields time, on behalf of whom?

Mr. DANFORTH. Myself.

The PRESIDING OFFICER. The Senator from——

Mr. DANFORTH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DANFORTH. It is my understanding that in addition to time on the amendment Senators do have time on the resolution itself; is that correct?

The PRESIDING OFFICER. The manager has time on the resolution, the distinguished Senator from South Carolina.

Mr. DANFORTH. I wonder if I could have about——

Mr. KENNEDY. Mr. President, I ask unanimous consent that the Senator be permitted to proceed for 10 minutes on the resolution.

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

Mr. THURMOND. If I have any right to do it, I would be glad to yield whatever time the Senator wants.

Mr. DANFORTH. If I could have 5 minutes from the Senator from South Carolina, Mr. President, this is my understanding of the position we are in now. If the Senator from North Carolina decides to press on with his amendment, and it is my understanding that he will not, but if he will, it is my understanding that this amendment, if it were adopted by the Senate, would not mandate any particular kind of cut from the Committee on Finance and, therefore, it could come out of anything within the Finance Committee's jurisdiction, social security or anything else.

But I think it is the purpose of the Senator from North Carolina to make a point and, as I understand that point, he does not like the legal services program and he wants to terminate it.

Mr. HELMS. Corporation.

Mr. DANFORTH. Just the Corporation.

It is my understanding that what has been going on in the Congress to date has been whether or not the legal services program is going to be conducted by an independent corporation or in the alternative whether it is going to be a matter that is of discretion with each State to be operated as part of a block grant program within the jurisdiction of the Finance Committee.

Where we stand right now is that the Human Resources Committee has taken the position that it does not want the Legal Services Corporation and, therefore, the only possibility for continuing any legal services program would be in the context of a block grant program within the jurisdiction of the Finance Committee, and that those block grants may or may not be used for the purposes of providing legal services. Am I mistaken on that or is that correct?

Mr. HELMS. I think that is correct.

Mr. DANFORTH. Where we stand now is that if the amendment were persisted with, and further if the amendment were effective, that is if, in fact, the Fi-

nance Committee could be, which I understand it cannot, directed to terminate all legal services programs, then the thrust of this amendment would be to say, "We do not want any kind of legal services program whether it is run by the Corporation or whether it is operated as part of a block grant program." That is it, legal services is dead.

Now, Mr. President, lawyers, in fact, do a variety of things with their time. One thing lawyers do is to lobby. Law firms in Washington are retained by private clients to lobby.

Now the Legal Services Corporation has been criticized for lobbying. That might be a good criticism. I myself have had problems with the Government paying people to lobby Government.

But another thing that lawyers do is to file lawsuits or to defend lawsuits. And it is my understanding that if we were to terminate the legal services program altogether, we would not only terminate the abuse of lobbying, if it be an abuse—and I concede that I think it is—but we would also terminate the possibility of legal services lawyers prosecuting and defending lawsuits.

Now, one of the objections to the Legal Services Corporation is that when it files lawsuits it files lawsuits against the Government. And the Senator from North Carolina pointed out that it sometimes files lawsuits against HHS. Many law firms, private law firms, file lawsuits against government. They do it all the time.

Senator EAGLETON and I both used to be attorneys general of Missouri. And we were always being sued by all kinds of people in the private practice of law. That is the nature of the practice of law. It is controversial sometimes to sue government.

I would only point out that when lawyers file lawsuits they file all kinds of lawsuits and particularly lawyers for the poor. And they file lawsuits against people who have nothing to do with government. They file lawsuits against landlords. They file tort suits relating to automobile accidents. They file suits on contracts. They file product liability suits. They file divorce suits, child custody suits, a whole range of lawsuits, litigation, and various kinds of legal services that are provided for poor people.

And, in fact, they do not necessarily go to court—run-of-the-mill legal advice provided out of offices, just as it is provided to anybody else, are provided to poor people by legal services offices.

So what is really at stake now is not the design of the legal services program, what is at stake is whether there is any legal services program left. Any lawsuits prosecuted or defended on the part of the poor by Legal Services lawyers, any legal advice, any drawing of contracts, any writing of any kind of legal document at all by lawyers, that is what is at stake.

And even if it is conceded that the Legal Services Corporation has exceeded its bounds, this would truly, if it were to be effected, be a case of throwing out the baby with the bath. I would hope that the Government of this country, the executive branch as well as the Congress, would not be so carried away by perceived abuses—if they are abuses—of the Legal Services Corporation that we would decide to even say $100 million a year is too much money to provide for the vast array of legal services programs which could be available to people who are in need.

Several Senators addressed the Chair.

Mr. THURMOND. Mr. President, I yield to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. DENTON. Mr. President, I just want to note that the chairman of the Labor and Human Resources Subcommittee on Aging, Family, and Human Services, when he recommended $100 million for legal services intended that that $100 million be for legal services per se, not for the perpetuation of the Legal Services Corporation.

If that recommendation was not interpreted in that manner, that is an event over which I had no control.

When we made that recommendation, we recognized that there were legal needs on the part of the poor and we did not intend to alter the block grant approach.

I believe that it is somewhat questionable right now in the minds of many—although you, Mr. President, may have cleared it up—as to whether or not there is some valid claim that the Legal Services Corporation has the potential to exist by virtue of the $100 million, within title XX in the Finance Committee. But this Senator did not intend to keep the Legal Services Corporation going when he recommended that $100 million. And I wanted to say that for the record.

Mr. THURMOND. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise to voice support for the amendment offered by the distinguished Senator from North Carolina (Mr. HELMS), regarding the Legal Services Corporation.

In the first place, the administration has taken a position on this matter which I think is sound. They intend to provide block grants to the States and these services could be provided out of the block grant if the States feel it is wise. If the States do not deem it is wise, why should the Congress do it anyway? So I feel that we should support the administration's position on this matter.

Next, I do not know of any constitutional authority for the Federal Government to go into this field.

For years since I have been in the Senate, we have gone into so many fields of activity that are noble, probably, and worthwhile and helpful programs, but without constitutional authority.

I think the time has come now when we have to ask ourselves three questions: First, is the proposed legislation before us constitutional? If it is not, we should not go any further with it. Next, we should ask, is it wise? In other words, could it be done by some other level of government or should we pursue it at the Federal level? And then, third, can we afford it at the Federal level?

Mr. President, that is the reason this country is so much in debt today. That is the reason we have a debt of almost $1 trillion, because of going into fields of activity where we do not have authority, going into others where it was not wise to venture, and going into still others where we are not able to afford it.

Mr. President, it seems to me that the States constitute the proper level of government for legal services, if they are to be provided to the poor. I would have no objection to a State providing legal services of this kind if it sees fit to do so and wants to do it.

However, I might say that my understanding is that there have been a lot of abuses—that the Legal Services Corporation attorneys have gone into questions of abortion funding; they have gone into questions of school busing; they have gone into other prohibited areas, and they have lobbied—I understand they are actually lobbying now, have been lobbying today. And this is a violation of the statute, the congressional statute.

I do not know whether the people realize this or not. I do not know whether Members of Congress realize it or not. But I would like to call attention to the fact that it is a violation of the law to lobby here on this question. The statute says:

> Whoever, being an officer or employee of the United States or of any department or agency thereof, violates or attempts to violate this section, shall be fined not more than $500 or imprisoned not more than one year, or both; and after notice and hearing by the superior officer vested with the power of removing him shall be removed from office or employment.

This provides a criminal penalty concerning lobbying. It is a violation of law.

Well, are we going to continue at the Federal level to foster a program, to go forward with a program, where those who are participating in it are violating the law?

In fact, some time ago I wrote the Attorney General a letter on this very subject. It was addressed to the Honorable William French Smith, dated March 23, 1981. It says:

> DEAR MR. ATTORNEY GENERAL: I am enclosing for your information a copy of the NSCLC Washington Weekly newsletter for the week of March 13, 1981.
>
> The newsletter contains material which is highly critical of the President and which seems to boast about the success of the Legal Assistance Program in California in its efforts to force the President to spend more on welfare and Medicaid than he wished during his tenure as Governor.
>
> Some feel that the newsletter may be a violation of Title 18, Section 1913 of the United States Code. It appears advisable to have your staff look into this matter.

Mr. President, it seems to me, considering the matter from every angle, that the Federal Government should not have gone into this field, and if it did go into this field, then on account of the budget we are now trying to balance, on account of the abuses by the Legal Services Corporation employees, we ought to get out of the field and let the States handle it.

If the States think it is wise, they have

a right to do it. There is block money being sent to the States which would help the States for that purpose, if they see fit to use the funds for that purpose.

Mr. President, I am convinced that now is the time, and I think the administration is exactly right on this, for the Federal Government to withdraw from this field. Again I say, I do not think the Federal Government should have ever been in the field. But certainly now, we should withdraw from the field.

The Legal Services Corporation, originally designed to give aid to those Americans too poor to afford legal help in such basic matters as settling disputes with their landlords or providing counseling and advice on domestic matters, has instead become a weapon used by social and judicial activists in an unending battle against the very Government that funds their activities. Rather than attending to the legitimate basic legal needs of the poor and disadvantaged, the Corporation and its employees have repeatedly misused taxpayers' dollars to promote their own ideals of social justice or change, using the poor they represent to obtain standing in their suits. It is partly because of this continued, serious misuse of public funds that I oppose continued Federal funding for the LSC at this time.

One recent example of such overreaching by the LSC was presented to the Senate on March 17, 1981, by my distinguished colleague from Kentucky, Mr. HUDDLESTON; wherein he described the efforts currently being made by the LSC to "assist and encourage aliens to enter the United States illegally and to remain here without being apprehended" by the Immigration and Naturalization Service. Now I ask the Senate, is this the type of activity in which the Legal Services Corporation was designed to participate? Here, they are not aiding the poor who come to them with legal problems, but are actually going out and actively soliciting a clientele not even comprised of American citizens.

I would also at this time like to share with the Senate the contents of a recent newsletter sponsored by the National Senior Citizens Law Center (NSCLC), an organization which gets much of its Government funding from the Legal Services Corporation. In this newsletter, material is printed which is highly critical of the President, and which seems to boast about the success of the legal assistance program in California in its efforts to force the President to spend more on welfare and medicaid than he wished during his tenure as Governor. This seems to me not only to be an improper use of funds, which are supposedly being spent to give legal aid to the poor, but may very well constitute a violation of title 18, section 1913 of the United States Code, which prohibits lobbying of Members of Congress with appropriated moneys. Mr. President, I ask unanimous consent that relevant passages of the above-mentioned newsletter and the full text of the letter I sent to the Attorney General on this matter be printed in the RECORD at the end of my remarks.

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

(See exhibit 1.)

Mr. THURMOND. Mr. President, the Senate should also be aware of the comprehensive civil rights regulations proposed earlier this month by the Legal Services Corporation and published in the March 23 Federal Register. These regulations include controversial, far-reaching mandates that recipients of LSC aid must practice nondiscrimination against homosexuals, must have programs for bilingual employees and affirmative action requirements that guarantee the employment of women and minorities at levels that reflect "appropriate labor force characteristics." The proposed LSC rules also seek the inclusion of drug addiction and alcoholism as diseases that would qualify someone as being protected from discrimination as a handicapped person.

In addition, the proposed regulations include an elaborate network of documentation and monitoring to insure compliance with the goals and remedies prescribed. These monitoring activities will, of course, require the further expenditure of funds on matters unrelated to the goal of providing legal aid to lower income Americans.

In conclusion, Mr. President, I think it is evident from the examples I have just cited, and numerous other examples brought to the Senate's attention by the Senator from North Carolina (Mr. HELMS), and others, that this organization has not limited itself to providing necessary legal services to the poor, the original mandate established for the LSC by the Congress. Instead, Legal Services has increasingly become an instrument for social activism and change regarding issues on which there is a substantial division of opinion and debate in this country. I support the goal of equal access to the courts for the poor, but I also believe that the responsibility for providing basic legal services, if indeed it is a function of government at all, is a responsibility which should be borne by the States, perhaps assisted by some Federal funds made available through block grants. Certainly it does not serve the larger public interest to provide taxpayer funding for legal actions designed to effect various agendas for social change, rather than attempting to assist in meeting basic legal needs. Experimentation on behalf of novel legal theories and rights, where it is pursued, should be pursued through the private sector, not with Government funding supplied for the purpose of helping lower income Americans with basic legal services.

For these reasons, I support the efforts by my distinguished colleague, Mr. HELMS, to delete further Federal funding for this Corporation from the budget.

EXHIBIT 1

MARCH 23, 1981.

Hon. WILLIAM FRENCH SMITH,
The Attorney General of the United States, U.S. Department of Justice, Washington, D.C.

DEAR MR. ATTORNEY GENERAL: I am enclosing for your information a copy of the NSCLC Washington Weekly newsletter for the week of March 13, 1981.

The newsletter contains material which is highly critical of the President and which seems to boast about the success of the Legal Assistance Program in California in its efforts to force the President to spend more on welfare and Medicaid than he wished during his tenure as Governor.

Some feel that the newsletter may be a violation of Title 18, Section 1913 of the United States Code. It appears advisable to have your staff look into this matter.

With kindest personal regards and best wishes,

Sincerely,

STROM THURMOND,
Chairman.

[From the NSCLC Washington Weekly, Mar. 13, 1981]

SAVING MONEY? NO, PRESERVING JUSTICE

"So it isn't the cost, after all, that bothers Mr. Reagan about legal services to the poor. It's the very idea of this program, which has enriched American justice, that sticks in the craw of a President who tilted against its lawyers when he was Governor of California. He offers to let the states use some of their other Federal money to sustain the program, if they like. But he knows not many will. Mr. Reagan aims to kill the Legal Services Corporation. He should be stopped.

The issue here is not just another worthy social program that America can't fully afford. It is a matter of protecting a fundamental principle of a fair society—equal justice. Legal Services represents in civil law what public defenders represent in criminal law: a chance for poor people to establish their rights by means available to the rest of society.

Ever since the Supreme Court ruled in 1963 that indigents charged with crimes are entitled to free representation, they have been routinely supplied with public defenders. But the same is not true when poor people are harassed by arrogant welfare agencies or hostile landlords. Without the Federally funded Legal Services program, they would have to represent themselves or rely on overworked legal aid bureaus and inexperienced law students.

The Federal lawyers have not only moved energetically to press individual grievances but have also brought class actions to correct systematic injustice. And that, of course, is why the program has made few friends among the elected officials, businessmen and bureaucrats it has beaten in court. Mr. Reagan has never forgiven California's Rural Legal Assistance program for requiring him to spend more than he wanted on welfare and Medicaid.

Legal Services is no radical scheme for the redistribution of wealth. The American Bar Association and liberal lawyers alike know it is a plan for fairly establishing rights. The relief it manages to obtain for the poor can be won only under laws passed by legislatures and interpreted by the courts. But a legal right, like a tax benefit, is meaningless for those who cannot afford the experts to claim it.

There may be aspects of Legal Services worth debating; it may even be that economies could be found in its $320 million budget. But to kill the program, under the pretense that the states are free to keep it alive, is unconscionable. The issue is not whether to save money; it is whether to preserve justice.

ABA SUPPORTS LEGAL SERVICES—DENOUNCES CUTBACKS

The President of the American Bar Association on Tuesday, March 10, 1981, urged Congress to continue federal funding for legal services for the poor. At a press conference, ABA President William Reece Smith,

Jr., said the Reagan administration's decision to eliminate federal funding of legal services for the poor would have a "devastating" effect on "the right of all people to a fair and equitable access to our justice system." Moreover, Smith said, "to eliminate or weaken a cost effective program that has not only provided legal assistance to millions of our citizens for the first time but has strengthened their belief in our society, would be unfortunate and contrary to the nation's best interest."

* * * * *

LEGAL SERVICES DEVELOPMENTS

The Reagan administration has asked Congress to cut off all future federal funding for legal aid for the poor. In his budget message to Congress, the President confirmed no further funding will be requested for the Legal Services Corporation which funds some 300 legal aid programs over $300 million a year. LSC programs assisted in approximately 1.5 million cases for the poor last year.

As we reported in last week's issue of the Washington Weekly, within the next few weeks Congress will make a number of extremely important decisions on the survival of legal services. These decisions will be made in the context of the budget authorization and appropriations processes—which move simultaneously through the committees of the House and the Senate and on the floors.

Early consideration of legal services will come before the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice. Yesterday, Judiciary Committee Chairman Peter Rodino (D-NJ) introduced a measure (H.R. 2506) which would extend the reauthorization of the Legal Services Corporation Act for another three years, through fiscal year 1984, with the current level of funding ($321 million) for FY 82 and "such sums as may be necessary" for the next two years.

While the Reagan Administration has indicated its desire to provide "zero funding" for legal services, the final word on funding for legal services must come from the Congress. The hearings scheduled by Chairman Robert Kastenmeier's Subcommittee is the first step in the reauthorization process. The actions of the House Judiciary Committee may well indicate the budget recommendations of the House of Representatives.

The Senate Labor and Human Resources Subcommittee on Aging, Family and Human Services is also of critical importance in the process of reauthorizing legal services in that it will consider reauthorization of the Legal Services Act. Hearings have not yet been scheduled.

Ultimately, the Senate and House appropriations committees, taking into consideration the budget and funding levels recommended by the authorizing and budget committees, will establish an appropriation for fiscal year 1982.

The following Congressional committees deal with reauthorization and appropriations for LSC.

Senate

Labor and Resources Committee

Republicans

Orrin Hatch (chairman, Utah), Robert Stafford (Vt.), Dan Quayle (Ind.), Paula Hawkins (Fla.), Don Nickles (Okla), *Lowell Weicker (Conn.), *Gordon Humphrey (N.H.), *Jeremiah Denton (Ala.), John East (N.C.).

Democrats

Edward Kennedy (Mass.), Jennings Randolph (W. Va.), Harrison Williams (N.J.), Claiborne Pell (R.I.), *Thomas Eagleton (Mo.), Donald Riegle (Maine), *Howard Metzenbaum (Ohio).

Appropriations Committee

Republicans

Mark Hatfield (Chair, Oreg.), **Ted Stevens (Alaska), **Lowell Weicker (Conn.), James McClure (Idaho), **Paul Laxalt (Nev.), Jake Garn (Utah), Harrison Schmitt (N. Mex.), **Thad Cochran (Miss.), Mark Andrews (N. Dak.), James Abdnor (S. Dak.), Robert Kasten (Wis.), Alfonse D'Amato (N.Y.), Mark Mattingly (Ga.), **Warren Rudman (N.H.), Arlen Specter (Pa.).

Democrats

William Proxmire (Wis.), John Stennis (Miss.), Robert Byrd (W. Va.), **Daniel Inouye (Hawaii), **Ernest Hollings (S.C.), Thomas Eagleton (Mo), Lawton Chiles (Fla.), Bennett Johnston (La.), Walter Huddleston (Ky.), Quentin Burdick (N. Dak.), Patrick Leahy (Vt.), Jim Sasser (Tenn.), Dennis DeConcini (Ariz.), **Dale Bumpers (Ark).

I thank the Senator for having yielded.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER (Mr. DENTON). The Senator from North Carolina has the floor.

Mr. KENNEDY. A point of inquiry, Mr. President.

Mr. HELMS. Regular order, Mr. President.

Mr. KENNEDY. Mr. President, I am entitled to raise a point of order.

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. CRANSTON. Mr. President, the Senator is entitled to raise a point of inquiry.

Mr. HELMS. Mr. President, in case there has been a misunderstanding, I would emphasize again that at no time has the Senator from North Carolina ever contended that this resolution contained $100 million that is specifically earmarked for the Legal Services Corporation.

It is preeminently clear to all those who have taken part in this debate over the past few days that there are no funds earmarked for any program.

I do not see any validity to that sort of explanation by the opponents of this amendment. I think it is a red herring and I believe they know it is a red herring.

We are, of course, dealing only with directions to committees to achieve aggregate amounts. But the working assumptions which the committee has used are well known. In the case of my amendment, it is based upon the working assumptions contained in the nonbinding committee report, upon the transcript of the markup, which I realize is even less binding than the report, and upon my discussions with the distinguished chairman and his principal staff.

The fact is that the Budget Committee did include an extra $100 million in its instructions to the Finance Committee, and that this $100 million was to make possible the inclusion of funding of legal services. The distinguished chairman (Mr. DOMENICI) has, indeed, indicated that if the Finance Committee authorizes the inclusion of legal services in the block grants, each State could choose to use a portion of its block grant funds for legal services. That in itself proves my point, but it happens to be the most benign interpretation of what could happen.

The fact is that the Budget Committee has created an extra $100 millon in the reconciliation resolution which has a nonbinding intent that it be used for the provision of legal services. The lobbyists of the Legal Services Corporation are not asleep. In fact, there have been scores of them all over Capitol Hill for the past few days. The president of the Legal Services Corporation has been camping out in the Senate reception room.

The distinguished Senator from South Carolina mentioned lobbying by the Legal Services Corporation. I would say again that, obviously, the Legal Services Corporation itself believes that the retention of this $100 million will permit the Corporation to survive.

The Legal Services Corporation obviously thinks that it is very important to its future survival that this $100 million stay in the reconciliation resolution.

On December 28, 1980, Mr. Alan W. Houseman, of the Legal Services Corporation, prepared a memo, using Government funds, which explained how the Legal Services Corporaiton was going to use Government funds to lobby for its continued existence. This memo was sent to all State coordinators.

Mr. Houseman wrote:

> Today we face a severe threat to the continuation and growth of aggressive legal services. At stake is the survival of the legal services movement.

Among the points he made were these:

> We will be increasing the Washington lobbying efforts of the Corporation and our organizations. NLADA, for example, has hired a full-time experienced lobbyist to work on legal services and other matters. The new entity being formed will substantially expand our lobbying capacity.

That is not JESSE HELMS talking, Mr. President, that is Mr. Houseman. I do not want Mr. Houseman or any other Senator to tell me that this is not a lobbying outfit. He used Government funds to print a bulletin. The best that can be said for him is that he is candid.

> We are developing an affirmative legislative strategy to deal with the difficult situations we face in the next session of Congress with regard to both appropriations and reauthorization.
>
> This year it will be necessary for us to get our reauthorization through Congress. The Senate will not approve our appropriations without a reauthorization. We will also need to work again with the Budget Committees in the House and the Senate. Last year, the budget process played a major role in setting priorities on substantive legislation as well as appropriation levels.

Mr. President, I ask unanimous consent that the entire Houseman memo be printed at this point in the RECORD.

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

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*Members of the Subcommittee on Aging, Family and Human Services, Jeremiah Denton, Chairman.

**Members of the State, Justice, Commerce, The Judiciary and Related Agencies Subcommittee, Lowell Weicker, Chairman.

[From the Legal Services Corporation]

MEMORANDUM

Date: December 29, 1980.

To: State Coordinators and Other Interested Parties.

From: Alan W. Houseman.

Subject: Summary of our Overall Activities, Strategy and Perspective.

To assure that there is full knowledge among all critical actors in the effort we are undertaking to preserve aggressive legal services, I have prepared this summary of our activities, strategy and perspectives. Much of this comes from the oral remarks that have been given at the Regional Meetings and will not be new to most of you. Most of this information has been and will be supplemented in more detailed ways.

OVERALL PERSPECTIVE

Today we face a severe threat to the continuation and growth of aggressive legal services. At stake is the survival of the legal services movement. By that I mean:

Survival of committed, aggressive and political staff whether they are lawyers, paralegals, support staff or other advocates;

Survival of aggressive advocacy, (i.e., advocacy which utilizes the full scope of representation including legislative and administrative representation, litigation and community education; advocacy which seek all possible remedies; and advocacy which is not restricted in what defendants can be sued, e.g., government entities);

Survival of client involvement and control.

All three of these are essential to the legal services movement. All three of these are under attack and must be pressured and strengthened.

Far more is at stake than the survival of Legal Services. Many social benefit and entitlement programs that have developed during the 60's and 70's to provide concrete benefits to poor people are threatened. As we proceed in our fight, we must take all the steps necessary at national, local or state levels to assure the continuation of other social benefit and entitlement programs. It is essential that we join with others in preventing cutbacks in these programs, and preventing changes in other federal policies, such as affirmative action, which are essential to the continued development of poor people and minorities in this country. At no time must we let our own concerns override the more basic concerns of poor people.

BASIC PRINCIPLES

It is useful to repeat the basic principles which guide the actions that will be collectively taken to preserve legal services.

1. Using all methods of counseling and representation, legal services exists to provide highest quality legal services to all those unable to afford legal assistance in a manner which best enables poor people to assert their rights and interests and effect change in ways that they themselves choose.

2. LSC and the legal services community will continue to emphasize utilization of program resources in a manner that has the greatest impact on the largest number of poor people

3. Legal Services must be accountable to the low-income community in program governance, allocation of limited resources, and addressing the most pressing legal problems of a particular local community.

We will never compromise the basic values and structures of this program and we will continue to resist efforts that would impose restrictions or undermine aggressive advocacy for poor people.

SCOPE OF POTENTIAL THREAT

We will certainly face serious efforts by opponents of aggressive legal services to:

(1) Appoint members to the LSC Board who are not supportive or even hostile to aggressive legal services and the staff attorney system. Currently five terms are up; in June, the additional six positions will be up for nomination.

(2) Add additional restrictions on the types of representation (legislative and administrative advocacy), on types of cases (aliens, education, abortion, suits against government entities), or on attorney fees, support and training.

(3) Reduce our appropriations and/or earmark existing or new funds.

(4) Increase control of legal services staff and advocacy through a hostile bureaucracy, through political pressure from Congress, or through local and state government.

(5) Increase the role of local and state governments in funding and overseeing legal services delivery.

There will also be attempts by the "far right" to dismantle or eliminate the legal services program. These proposals have surfaced during the transition and will also arise during consideration of our reauthorization in 1981.

We can not now predict what efforts will be made, by whom and their timing to restrict or dismantle legal services. There are many possible scenarios that may develop both in the short and long run. What we are doing is to plan for every possible development.

POLITICAL SITUATION

We have a new administration headed by a President who has historically shown hostility to Legal Services. While Governor of California, President-elect Reagan attempted to veto and dismantle California Rural Legal Assistance. He also sought to impose additional controls on aggressive advocacy by Legal Services attorneys.

In the only public statement (in the American Bar Association Journal), the President-elect gave great deference to the pro bono efforts of private attorneys and called for an evaluation of the Legal Services Corporation to ensure "that it is serving the purpose for which it was intended." He went on to say: "Such a program should not be used to fund, at taxpayers expense, suits which are in reality attempts to force a judicial resolution of political and public policy issues properly left to the elective branch through its representatives in Congress. . . . I would also like to explore possible alternatives to the monolithic federal approach to the legal problems of the poor. I believe there is room for increased activity on the part of local government and local bar associations."

Some of President-elect Reagan's senior advisers and key cabinet members are people who may not be particularly supportive of legal services and who lack understanding of our program.

We face a much more conservative Senate which is now controlled by Republicans and southern Democratics. Many of the newly elected Senators are idealogically opposed to legal services. While we have some strong support in the Senate Committee on Labor and Human Resources, we face severe problems with the entire Senate.

While the House is still in Democratic control, it is much more conservative. Many believe there is now a majority of conservatives in the House which can block most liberal legislation. Although, our committee will remain supportive, we will continue to face, as we have in the past, severe problems on the floor.

The American Bar Association, though remaining steadfast in support of aggressive legal services, has moved to introduce legislation seeking to mandate the involvement of private attorneys in the delivery of legal services. We must not let this development affect their support for effective aggressive advocacy.

Many of our allies are themselves politically weakened. Moreover, the organizations from which we traditionally receive support have not yet made the survival of legal services a high priority. We may not have reached out sufficiently to other potential allies whether on a national or local level.

We have lost the support of large numbers of clients and poor people. Client involvement and control has not become a reality in most programs. Client organizations both on a local and national level have few resources to effectively advocate continuation of legal services.

We are not prepared for battle. We are not effectively united. The Legal Services Corporation has not had to face a major political crisis since its inception. The Legal Services Community has not had to face a political crisis of this severity since 1973. There are many new people in Legal Services. Some may not share the values of the community's leadership. Some may not be willing to take political risks to preserve aggressive advocacy.

On the other hand, we do not start from a position of weakness. We are stronger and more geographically diverse than ever before. We have able and committed staff working in programs throughout the country.

The Legal Services Corporation is an independent entity. Many people on the Hill, in the administration and the press perceive LSC to be an efficient and well run institution.

We have more resources to devote to this effort than we have had in the past. We are more sophisticated politically at both national and local levels.

WHAT WE ARE DOING TO WAGE THIS BATTLE

First, we are attempting to unite and join together in this struggle. We have formed a coalition with PAG, the National Clients Counsel (NCC), NLADA, the National Organization of Legal Services Workers (NOLSW) and the Minority Caucus. It will be expanding to include others from within the legal services community, such as National Association of Indian Legal Services (NAILS), migrant farm workers group, women's caucus, Organization Legal Services Backup Centers (OLSBUC), state support and others. It will also expand to include organizations who are allies and supporters of legal services.

The coalition members will be forming an outside entity to lobby and coordinate survival activities on behalf of the legal services community. This entity will be established soon and will begin to function early in 1981.

Second, we are expanding and strengthening our state coordination network. This is essential in order to assure effective communications within the community and for our congressional efforts.

Third, we are seeking to diversify and strengthen the base of local and state programs. It is essential to broaden the base. In the short run, a strong local political base will be critical if we are to successfully obtain support from Congress for the continuation of an aggressive legal services program. Effective lobbying in Washington will require local programs to establish credibility and a base in their communities and to develop allies who can and will assist them in persuading their Congressman and Senators to support legal services. In the long run, a strong local base will be necessary to survive possible efforts at local and state control through block grants or private bar control.

These plans involve a series of regional meetings that will attempt to help programs identify how to shore up and strengthen their base of support including support from the private bar, increased support from organizations that can be effective allies, effective use of the media and improved relations with Congressional offices. In addition

to the meetings, there will be technical assistance, training and other assistance available to local programs.

Fourth, we are strengthening our base of support nationally by developing closer ties and better relationships with Civil Rights, labor, elderly, consumer and many other organizations and individuals who have been allied with us in the past. We are also reaching out to new organizations as well to develop alliances and obtain support. Because legal services is only one of many issues with which these organizations are concerned, the National Support Centers and others will be joining with these organizations in common efforts to prevent benefit program reductions.

Fifth, we are addressing short-term issues that require immediate action. Through the National Legal Aid and Defender Association the coalition has identified potential nominees for the LSC Board of Directors who are supportive of legal services but also acceptable to the Reagan Administration.

In addition, we are working to acquaint key people in the Reagan Administration and in Congress (including the new Senate leadership) with our program, its independence, and its achievements. We are shoring up and strengthening the support we have among some members of the Reagan team. We are identifying those who can influence members of the transition teams and the appointees of the new administration.

Sixth, we are taking steps to protect programs and our overall delivery system. We will address basic bureaucratic and programmatic vulnerabilities that have been identified by GAO reports and by others. We are also reviewing our entire support structure to make sure it is sufficiently insulated from political pressure and can function effectively in the future.

Seventh, we will be increasing the Washington lobbying efforts of the Corporation and our organizations. NLADA, for example, has hired a full-time experienced lobbyist to work on legal services and other matters. The new entity being formed will substantially expand our lobbying capacity.

Eighth, we are developing an affirmative legislative strategy to deal with the difficult situations we face in the next session of Congress with regard to both appropriations and reauthorization.

This year it will be necessary for us to get out reauthorization through Congress. The Senate will not approve our appropriations without a reauthorization. We will also need to work again with the Budget Committees in the House and Senate. Last year, the budget process played a major role in setting priorities on substantive legislation as well as appropriation levels. Finally, confirmation in the Senate of LSC Board nominees may require some efforts by the legal services community.

Although an affirmative political strategy has not yet been fully developed, it will include at least the following components:

1. Selling the merits of legal services to Congress, media and others at the local, state and national level. Much of this will be done by local people and local programs.

2. Developing a broad range of support from a wide sector of group and organizations and making it in the interest of these groups for legal services to continue without restrictions. This will require effective work at a local, state and national level by legal services programs around the substantive issues affecting the members of the groups and organizations from which we seek support.

3. Improving our relationships with the private bar. We are developing a concrete partnership with the American Bar Association and other bar associations to preserve and expand legal services. This will require full implementation of the Delivery System Study Policy Report and increased involvement of private lawyers in the delivery of legal services. As part of our strategy we are seeking increase funds for expansion in the Fiscal Year 1982 Budget request. By seeking funds from Congress, we believe we can obtain support for the maintenance and expansion of existing programs and prevent mandates in the Legal Services Corporation Act that would reallocate current resources.

4. Developing an affirmative response to Congressional efforts to impose restrictions on legislative representation and other limitations on the scope of representation to be provided to our clients.

To develop this affirmative strategy we are preparing at least two background papers for circulation and discussion. John Dooley is preparing a paper discussing the private bar issues and options to address them. We are also preparing a paper analyzing possible options to prevent legislative representation restrictions. We will be meeting with a number of people to discuss each of these issues and will be holding strategy discussions with the coalition members in early January.

In considering our affirmative strategy we are meeting with many advocates who are experienced in political and legislative strategy in Washington. We are seeking their views on how to take the initiative, how to best use the private bar issue and how to prevent restrictions on case types or the scope of representation.

Regardless of our efforts in Washington, an affirmative legislative strategy is dependent upon effective relations on a local level with congressional offices with state and local bar associations, and with organizations and individuals who are potential supporters and allies.

WHAT MUST BE DONE

Each legal services program must undertake the following:

1. Develop a specific action plan at state and sub-state levels. This plan should detail how each state will seek to maintain and improve or develop Congressional relations, relations with local and state bar associations, relations with allies and supporters, and relations with local and state governmental entities. The plan must also discuss efforts to develop and improve media relations and develop new media contacts. Finally, the plan should specifically include concrete steps to maintain, improve and/or develop meaningful relations with poor people's organizations.

Many states have already developed such plans. Others are beginning to do so and will be completing the plans at the regional meetings.

These plans will require every program to shift program resources to undertake the efforts outlined in the plan and to change the priorities and work of project directors and staff.

2. Appoint a program coordinator or coordinators who will have overall responsibility of coordinating the implementation of the state and sub-state plans and assuring that all survival activities are carried out.

3. Develop timely and effective communications with the state coordinator. The state must assure that the coordinators have adequate staff and a means of communicating effectively and in a timely manner with all programs.

4. Develop effective internal communications networks that assure all staff with adequate and timely information about developments nationally and within state and local areas.

5. Continue to identify people who have contacts with officials of the Reagan Administration. State Coordinators and relevant Washington actors should be informed of these contacts. Please make sure I am informed of these contacts.

6. Continue to identify potential Board nominees who are supportive of legal services and yet potentially acceptable to a Reagan Administration. Names of potential nominees should be sent to Howard Eisenberg at NLADA.

7. Analyze new members of Congress from your area and review all old members of Congress. What is needed is carefully compiled information about all members of Congress. This includes: attitudes, public statements and prior voting records toward legal services and other social benefit programs; their supporters and major contributors from within the bar and general community; possible contacts with their supporters; and their political base in the district or state. This information should be sent to the state coordinator and Office of Government Relations. OGR will develop an analysis of each Congressional person and office. The completed analysis will be sent to each state and program coordinator. The analysis will also include such information as prior Congressional voting records on legal services, positions on other poor people's issues, committee assignments, names and background of key staff, and which members influence this member.

The difficulties we will face now and during the next few years will require sacrifice and discipline by LSC and program staff. Among other things:

1. We must start taking this effort very seriously if we are to succeed.

2. When program coordinators are asked to do something by the state coordinator, by LSC or members of the coalition, they must act responsibly and without delay to see that the tasks are done or that we are immediately informed that they can be done so that we can take the necessary actions to see that they are done.

3. This is the time to act and act quickly to organize within each state and local program to shore up and strengthen the base of political support.

4. Coordinated activity is important. This is not a time to act totally independent of the effort that is being initiated. Project directors and staff will have many good ideas, practical suggestions, intelligence and experience to share with national actors and with other programmatic people. It is important to work together and keep in touch.

COALITION BUILDING

A critical means of strengthening the local political base is to develop coalitions and working relationships with local organizations and individuals who would see it in their interest to assure the continuation of an aggressive legal services program.

Effective coalitions and working relationships will involve programs assisting these groups and organizations in concrete ways. Merely acting in concert or seeking assistance will not be sufficient. The local program must actually assist groups, individuals and coalition members so that they have a real stake in the survival of the legal services program. The legal services program must become a integral part of their activities.

Usually coalitions and working relationships will evolve out of common work on substantive issues. Legal services should seek out others in the community who may be involved on similar issues of concern to the program and client community. They should also seek to participate in activities by others that affect issues and problems of the client community.

There are a variety of these with whom local programs can develop relationships. Some are involved in advocacy for the poor (such as Community Action Programs); some are involved in services for the poor. Many are involved in common issues which affect both the poor and the members of the group (e.g., unions and food stamps; Associations of Retarded Persons and special education; elderly organizations, etc.). Many are involved directly in advocacy for

populations which include the poor (civil rights, etc.).

In developing working relationships and coalitions on substantive issues, legal services programs and staff should not forget their principal role as advocates for the poor. The point of developing working relationships and coalitions is to strengthen the power of poor people not to shift the program toward a different population. Legal services should not be viewed as compromising the interests of poor people for its own survival or for the broader good of the coalition. Moreover, legal services should seek to involve poor people directly in the coalitions and bridge relationships between poor people and individuals and organizations with common interests or issues.

THE BROADER PICTURE—THE NEEDS OF OUR CLIENTS

The struggle for survival of aggressive legal services should never be perceived by us to be a higher priority than the struggles that poor people will face during the next several years as this new administration and Congress attempt to curtail social benefit and entitlement programs and civil rights activities. We must not under any circumstances stop using most of our resources and most of our energies to continue providing aggressive impact advocacy to improve the lives and power of poor people.

Moreover, we must take immediate steps to develop effective efforts within each state and on a national level to preserve the gains won by poor people and their advocates during the last 15 years. And we must continue to strive to increase social benefits, improve housing and health care, prevent arbitrary private and public actions, improve job and educational opportunities, and eliminate discrimination.

This will require targeting increased resources on substantive issues which will arise on a national and state level: development of more effective national and state networks of staff, clients and other advocates and allies; improved communications to each state about national developments and within each state about national, state and local developments; strengthening our capacity for legislative and administrative advocacy; and developing more effective strategies that use all of the tools available including more effective use of litigation as well as community education, legislative and administrative representation, networking and coalition building.

Working with national and state support projects, we are strengthening current efforts and developing new approaches that will assist local and state programs in undertaking these critically important activities for survival of poor people's basic needs. Although there are different networks that will be used to work directly on these "substantive" activities (i.e., the substantive networks that have developed through national and state support projects), we will keep all state coordinators informed of national substantive developments.

Thus, as we enter this struggle for our survival, we must never forget that the purpose of our effort and the shift of some resources to our survival is not to save ourselves (or our jobs), not to save our current ways of doing things or even our current structures for that matter. Instead, the purpose of our efforts to preserve for poor people a force that they can call upon to use to improve their economic and social well-being.

Mr. HELMS. Mr. President, so it is not surprising, therefore, that the Legal Services Corporation is very interested in the outcome of its budget strategy. Now let us take a look at what has happened.

The jurisdiction for the Legal Services Corporation, of course, is in the Labor and Human Resources Committee. That committee cut spending in the legal services account down to $100 million, which was still $100 million more than the administration requested. Nevertheless it was the intent of the committee to terminate the Corporation. I quote from its report:

The committee proposes to terminate the Corporation, to reduce current available Corporation funding by approximately 70 per cent for purposes of the block grant and to give states the option to pool existing resources to fund worthwhile programs which address the true legal needs of the poor. The $100 million recommended for the account containing the Legal Services Corporation is, therefore, intended to fund legal services within the framework of a consolidated block grant to states for social services. Legal services would be authorized activities within the programs encompassed by the block grant.

In the Budget Committee, however, the $100 million was shifted from Human Resources to the Finance Committee's direct spending figures. "Direct spending" means that the funds are off-budget entitlements outside the appropriations process. That means that the amount of spending is determined by the number of eligible beneficiaries who meet the definitions of the entitlements.

The Budget Committee's instructions to the Finance Committee, if the Senator from North Carolina understands them correctly, is a set of directions to manipulate the definitions of eligibility so as to reduce projected off-budget spending in those accounts by 25 percent. In other words, in direct spending accounts, we cannot set targets of actual numbers. All that we can do is to change the definitions so that not as many persons are eligible for benefits. It is essentially a legislative instruction.

These directions appear on page 99 of the report. I quote:

COMMITTEE ON FINANCE

PRESIDENT'S PROPOSALS

Reductions in direct spending

Function 500: Education, Training, Employment and Social Service.

Program: Social services grant consolidation: merging Title XX of the Social Security Act—grants to States, day care grants, and grants for State and local training; Title IV-E foster care and adoption assistance.

Reconciliation proposal: To fold these programs and others into the Administration's proposed social services grant consolidation and to reduce the authorized funding level by about 25 percent.

Source of proposal: President.

Title XX of the Social Security Act is a catchall of grants to the States. It includes broad language which has already been interpreted as permitting grants for the provision of legal services. So the $100 million from the Legal Services Corporation account, that the Labor and Human Resources Committee wished to use to terminate the Corporation and fold into the grant block program was shifted from that account to the Finance Committee direct spending account. The effect of this shift is to take the provision of legal services out of the normal authorization and appropriation process and put it in an entitlement category bypassing authorization and appropriation.

Of course, this action is not definitive. The Finance Committee would still have to act to adopt the block grant approach and to include legal service as an eligible program. So what we could expect then is a full-scale lobbying campaign by the 5,500 lawyers of the Legal Services Corporation to keep the issue before the Finance Committee for action. The action of the Budget Committee keeps alive the hopes of those who are battling for what Mr. Houseman calls the "legal services movement," that is to say, a coordinated strategy of using the courts to enact quasilegislative entitlements bypassing the U.S. Congress.

Indeed, at any given moment, the Department of Health and Human Services, for example, is defending itself against 20,000 suits filed by Legal Services attorneys across the Nation. These suits are often filed with the cooperation of lower levels of the bureaucracy. The taxpayers of this Nation are paying to have suits filed against them and against their taxes. The time to stop this is now.

Moreover, the Budget Committee action makes it possible to bypass Finance Committee intentions by means of a floor amendment to some appropriate future vehicle. The Budget Committee action added $100 million to the title XX targets; the Helms amendment would take that $100 million away. If the Helms amendment fails, it would result in a direct invitation to attempt to use the extra $100 million provided to the Finance Committee in the reconciliation act in such an amendment. It should be noted that, since there is no "earmarking" in this resolution, the $100 million amendment could be used in future action to attempt to restore funds to the Legal Service Corporation itself, whatever the intention of the distinguished chairman of the Labor and Human Resources Committee, the Finance Committee, and the Budget Committee.

The time to face this issue is now. By eliminating the unwarranted $100 million that was added, uninvited, to the Finance Committee direct spending category, we take away the invitation to further involvement with that unnecessary issue.

It has been made perfectly clear to me by statements by the distinguished Senator from Kansas (Mr. DOLE), the distinguished Senator from Louisiana (Mr. LONG), the distinguished Senator from South Carolina (Mr. THURMOND), the distinguished Senator from Utah (Mr. HATCH), and others, including the distinguished majority leader (Mr. BAKER), that the will and intent of the majority of this Senate is clear. I see no point in pressing the amendment. For that reason, Mr. President, I withdraw the amendment.

Several Senators addressed the Chair.

Mr. THURMOND. Mr. President, I will be glad to yield to anyone else, if I have authority to do it.

Mr. CRANSTON. Mr. President——

The PRESIDING OFFICER. The Senator from California.

Mr. CRANSTON. I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I op-

pose the amendment of the Senator from North Carolina, which would reduce the available funds for social services to our most needy citizens by $100 million.

The denial of these funds would limit States in their ability to choose to provide foster care, nutrition for the elderly, family counseling, juvenile justice, home health services, and other vital assistance. It would mean that an additional cutback, on top of all of the other budget reductions, would be imposed on States.

I also would argue against this amendment even if its only effect would have been as described initially by the Senator from North Carolina. The provision of legal services to the poor is a critically important program to keep faith with our commitment to equal access to justice.

In this particular amendment, it would prevent States from making a judgment that the most pressing human need was to enable an elderly citizen to have the legal counsel necessary to obtain rightful benefits, whether social security, medicare, or food stamps.

To deny that option to the States seems a totally contradictory position to that usually advanced by the Senator from North Carolina.

However, nothing in this amendment affects the Legal Services Corporation nor does this resolution in any way prevent the Human Resources Committee from reauthorizing the Legal Services Corporation.

What this amendment clearly does is take away $100 million that could be used to feed the elderly, provide care to the sick, to counsel the poor and to provide housing for orphans.

LEGAL SERVICES

Mr. President, I rise to oppose the amendment of the Senator from North Carolina which he described as an attempt to eliminate funding for legal services.

This Nation has asserted the principle of equality before the law as a fundamental right. Yet, until the creation of the Legal Services Corporation, that principle had a small codicil—equality before the law except if you happen to be poor.

In this society in 1981, we cannot afford to step back into the past when the poor were denied equal access to our system of justice. The simple fact is that tenants were illegally evicted, poor consumers victimized by fraud, elderly Americans denied their legal benefits and thousands of other Americans robbed of their rights because they could not afford a lawyer.

Since 1975, we have witnessed a gradual extension of legal assistance to poor people across this land. The Legal Services Corporation has used its funds wisely and well. More than 93 percent of all funds go directly to services at the local level. It has achieved coverage over the entire Nation although that coverage remains limited to an average of two attorneys for each 10,000 poor people. Before the Corporation came into being, there were whole regions of the country where the poor had no access to legal counsel. Last year, the local legal services programs served 1.2 million people.

The Legal Services Corporation, for the first time, has permitted this Nation to state that the poor have a real chance to have their rights and interests represented through the legal system.

Without the legal services program, the individuals would be denied effective access to justice. The consequences of that denial can be enormously damaging. It can mean children forced into programs for the mentally retarded without any evaluation of their intelligence, mothers left without money to feed their families when a benefit check stops, elderly persons whose apartments do not have heat because a landlord did not pay the utility bill.

Those who oppose this program do not seem to recognize how Legal Services attorneys actually spend their time. Of the more than 1 million legal matters handled by the local attorneys and paralegal aides, "family" issues constituted 30 percent of the total—issues spanning adoption, divorce, support, spouse abuse, and custody questions. Income maintenance and housing were the next largest category of legal problems, followed by consumer issues. These basic questions of food, shelter, health, and income are crucial to the survival of the poor.

Even those who are opposing continued Federal funding do not deny that the poor have a need for these services. Instead they argue that it should be a responsibility of the private bar.

Yet, the private bar has spoken out loudly and repeatedly that the Nation needs the continuation of the Legal Services Corporation. The current president of the American Bar Association and every president since 1965 has supported this concept. The legal services program that was begun in 1965 under the Economic Opportunity Act had the strong impetus of then ABA president and now Supreme Court Justice Lewis Powell. They all have recognized that the private bar is neither able nor willing to provide these services. In Massachusetts, it has received the endorsement of our highest court, of our judges and of our bar association.

Frequently, opponents of Legal Services argue that the legal services program is an agent of social or political change. They forget how the law works. They disregard the fundamental truth that Legal Services attorneys represent clients—breathing, living, human clients. They win only when the courts find that their clients are being treated improperly, unfairly, and illegally. If, as a matter of law, individuals are being denied their rights, then the act of bringing that fact to the surface through legal action on behalf of a poor client may produce change, but only change that is in accordance with the law.

I think it should be emphasized that the Federal Government spent only $321 million on legal services a year ago to provide for the needs of the poor. Yet, we permitted the largest and wealthiest corporations in this country to have their legal services subsidized by the American taxpayer. Legal services are legitimate business expenses and, as such, are deducted from their taxes. When the fortune 500 can have their legal expenses covered by the American taxpayer to a significant degree, surely public policy justifies the continuation of a federally-supported legal services program for the poor.

We have heard the administration discuss its safety net to cushion the very poor as they are imperiled during the current budget storm. Legal services is a vital means to assure that the laws establishing those "safety net" programs will be enforced. Without it, too many needy families will find that the safety net has been pulled out from under them.

Let me cite the testimony of the president of the Legal Services Corporation, Dan Bradley, to focus on the kinds of services that the Corporation provides:

In western Arkansas, an office opened in Russellville this past September. Within 2 months, the single Legal Services attorney there helped an elderly woman in Yell County to avoid an unfair eviction, a Pope County welfare recipient to obtain support from her child's father and a young couple in Johnson County to obtain the return of their car which had been wrongfully repossessed.

In several rural counties in Iowa, a Legal Service office helped residents end their 6-year quest for action on social security disability claims by cutting through the redtape and obtaining those legally entitled benefits for them. In Cerro Gordo County, a poor woman confined to a county home for 18 years as a result of a request for emergency subsistence has been released.

I could go on to enumerate other cases in every part of this Nation where Legal Services attorneys have helped the poor secure their rights under the law.

This Nation must permit the continued availability of legal services for the poor.

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAMS

Mr. HAYAKAWA. Mr. President, I came to this Chamber last Wednesday and delivered a speech commending the work of the Budget Committee and indicating my support for the budget reconciliation. I knew that many programs would have to be cut in order to stay within the levels established for each account and was prepared to work with these figures during the authorization process of the Agriculture, Foreign Relations, and Small Business Committees of which I am a member.

A top priority of the Reagan administration is to greatly improve our national security. And this must be accomplished in part by the exercise of influence throughout the world. The President sent Congress a carefully developed foreign aid package to be used as a tool for this conduct of foreign policy.

I am deeply disturbed by the action which took place on the Senate floor last Friday removing $200 million from foreign assistance for fiscal year 1982 and $200 million in fiscal year 1983. I firmly believe that foreign aid, well spent, will yield benefits which enhance our national security. Therefore, I am concerned that this action and any further attempts to reduce foreign aid will have negative implications on the

ability of the United States to operate in the international arena.

One such program that may be affected is the international military education and training programs (IMET). The proposed security assistance program for fiscal year 1982 recently announced by the administration includes $48 million for this valuable instrument of U.S. foreign and security policy. This is nearly a 50-percent increase over the levels requested and authorized during the past few years, and very well worth it.

The IMET program is one of the few remaining grant elements of our security assistance programs and a very important vehicle for developing strong and enduring ties with the military establishments of developing countries. This program covers a wide variety of training and education, ranging from short, technical courses within the recipient countries, to longer courses during which senior and midlevel officers are in resident in the United States attending our professional military colleges.

It is these longer term courses, during which participants are exposed to life, culture, and values in the United States, however, which have been the most effective vehicle for developing enduring ties to what has often been the modernizing sector in many of the developing nations—their military establishments—and for disseminating American ideas about political life and social values. This kind of training serves not only to establish common approaches to military organization, procedure, and equipment, but more importantly to convey American views about the proper role of the military in society, standards of civil order and approaches to human rights. On a more practical level, such training programs have, over the years, served to establish numerous personal relationships between American officers and ordinary citizens and individuals in developing countries who frequently achieve positions of leadership, not only in their respective military establishments but often in the political leadership in their countries.

Over the past decade, however, the number of students we have trained under the IMET program has declined dramatically, as is made clear in a table extracted from the GAO report which we had prepared for the committee.

I ask unanimous consent that the table be printed in the RECORD.

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

TRAINING PROVIDED UNDER THE INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM, FISCAL 1970–79

	Army	Navy	Air Force	Total
1970	11,029	3,782	7,036	21,847
1971	12,698	4,637	8,336	25,671
1972	43,569	1,876	6,786	52,231
1973	32,012	1,677	3,712	37,401
1974	5,971	1,759	4,767	12,497
1975	4,952	1,384	2,523	8,859
1976	3,956	1,240	1,765	6,961
1977	2,746	751	1,336	4,833
1978	2,093	753	1,570	4,416
1979	1,903	542	1,290	3,735
Total	120,929	18,401	39,121	178,451

Mr. HAYAKAWA. This decline, of course, is in large part a result of our debacle in Southeast Asia, however, it has been exaggerated and continued since our withdrawal from Vietnam as a result of two factors: A steady decline in funding levels and an unfortunate change in the pricing of our training which had the effect of making many courses much more expensive, thus reducing the number of students who could be trained under any particular program level. When this situation was brought to my attention, I undertook an effort to reverse the process. The result was that last year, at my initiative, the Senate made an important change in the way in which the costs of this training were allocated. We wrote into the law the requirement that these programs be charged on the basis of the additional cost incurred by the U.S. Government for providing such training, rather than including a prorata share of the total cost of operating and maintaining the facilities at which such training takes place. The result of this change, in most cases, is that most training is cheaper than it has been in recent years, and more participants—approximately 40 percent more—can be trained for any particular program level. This was, of course, a sensible change, since the dollars allocated to this program are foreign policy dollars, and increasing the number of participants who can be trained under any program level, amounts to making those scarce foreign policy dollars go further. Prior to this change, the funds authorized under this program were, in effect, subsidizing some of the normal operation and maintenance of the Defense Department facilities at which this training takes place. Though the amounts were trivial in terms of the total operations and maintenance budget of our Defense establishment ($10 to $15 million per year at most) they were by no means trivial in terms of their impact upon the intended purposes of the IMET program. They nearly halved the number of students who could be trained at a particular level. The change I have described was actively supported by our military services who are the providers of this training and who also must budget for the operation and maintenance of their facilities. We see the clear benefits the United States derives from the IMET program.

As I said last year in presenting the amendment to the Foreign Relations Committee—

> I believe there is near unanimity among those who are responsible for projecting the United States' image abroad that the miscellaneous "exchange-of-persons" programs are our most effective tool. Many of these programs have been in existence since the end of World War II, and many of today's national leaders have become our friends under the influence of their early experiences as guests of this country. When I visited Thailand last year and called on General Prem, the Commander in Chief of the Thai Army, he and all the senior staff officers in the room remarked with visible pride that they had some training in the United States.

The second part of our effort last year, and one on which we did not do as well, was simply to add funds to the IMET program. We managed to increase the authorized program level by only a few million dollars. Thus, I am very pleased to see the new administration, recognizing the value of these programs, propose so significant an increase in funding. This increase, combined with the new costing procedures, could more than triple the number of students participating in this program. I will support the President's program very actively, and urge all of my colleagues to do likewise.

In conclusion, Mr. President, I ask unanimous consent to have printed in the RECORD the administration's proposed International Military Education and Training programs for fiscal year 1982.

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

Fiscal year 1982 international military education and training—IMET

(Millions of dollars)

Program total	47.7
(Budget authority)	(47.7)
Country detail	
EA.	
Burma	.15
Indonesia	2.95
Korea	1.8
Malaysia	.65
Papua New Guinea	.02
Philippines	1.3
Singapore	.05
Thailand	2.0
Regional total	8.92
NEA.	
Bangladesh	.225
Egypt	2.0
India	.5
Israel	
Jordan	2.0
Lebanon	.84
Morocco	1.3
Nepal	.075
Oman	.1
Sri Lanka	.1
Tunisia	1.3
Yemen	1.5
Middle East Regional Coop	
West Bank/Gaza	
PDS	
Sinai Support Mission	
Regional total	9.94
EUR.	
Austria	.045
Cyprus	
Finland	.04
Greece	1.9
Iceland	.02
Portugal	2.2
Spain	2.2
Turkey	3.5
Yugoslavia	.13
UNFICYP	.13
Regional total	10.035
AF.	
Botswana	.1
Cameroon	.1
Cape Verde	.035
Congo	.035
Djibouti	.1
Equatorial Guinea	.035
Gabon	.1
Ghana	.4
Guinea-Bissau	.035
Ivory Coast	.035
Kenya	1.3
Liberia	.6
Malawi	.05
Mali	.1
Mauritius	
Niger	.4

Fiscal year 1982 international military education and training—IMET—Con.

(Millions of dollars)

AF—Continued	
Rwanda	.05
Senegal	.35
Seychelles	
Somalia	.35
Sudan	1.3
Tanzania	.075
Togo	.06
Uganda	.05
Upper Volta	.135
Zaire	1.56
Zimbabwe	.1
Regional total	7.455
ARA.	
Bahamas	.06
Barbados	.1
Brazil	.05
Colombia	.85
Costa Rica	.06
Dominica	.06
Dom Rep	.6
Eastern Caribbean	
Ecuador	.75
El Salvador	1.0
Guyana	.04
Haiti	.415
Honduras	.7
Jamaica	.075
Mexico	.245
Nicaragua	
Panama	.5
Peru	.75
St. Lucia	.06
St. Vincent	.06
Suriname	.075
Venezuela	.05
PACAMS	4.6
Regional total	11.1
Total	47.7

THE PROPOSED TERMINATION OF THE SECTION 8 INDIAN HOUSING PROGRAM

● Mr. INOUYE. Mr. President, I wish to express concern over certain issues that arise as the result of budget oversight hearings held by the Select Committee on Indian Affairs on March 23. The revised budget proposals for fiscal year 1982 reflect that the administration proposes to terminate the section 8 Indian housing program at the Department of Housing and Urban Development.

Reports filed by the Department of HUD over the past years reflect that Indian housing is among the poorest in the Nation; 90 percent of all new housing is financed by HUD, 70 percent being mutual help homeownership housing. The January budget submission would have provided $25.1 million in new contract authority for initiation of 4,000 new units of housing on Indian reservations. The estimated total need stands at around 60,000 units of housing needed in the next few years.

Mr. President, the original justification for the termination of this housing program was an apparent excessive cost of the program. However, it appears from the testimony offered at the select committee's hearing that the unit costs of the Indian housing are not radically different from the unit costs of similar type non-Indian housing programs offered in similar geographic settings. Under the circumstances, Mr. President, I have grave doubts with respect to the wisdom or justification for the termination of the Indian housing program by the Department of HUD. I do believe that some cut in this program may be in order, but it should not be any greater than that of the non-Indian programs.

Mr. COHEN. Mr. President, I do join with my colleague, the senior Senator from Hawaii, in his sentiments. I have a related concern respecting the proposal to eliminate funding for any further construction of water and sanitation facilities by the Indian Health Service. This program involves the delivery of water and sanitation facilities for the new housing constructed by the Department of HUD. It appears from the testimony of HUD witnesses that there are a number of new housing units awaiting construction of water and sanitation facilities and that there are some 15,000 additional units of housing that are in the pipeline and will be constructed over the next 3 years. Elimination of budgetary authority for construction of water and sanitation facilities by the Indian Health Service means that none of these housing units would receive any water or sewer facilities.

This clearly is a case where the budgetary proposals for one agency were not matched to the program activity of another agency. It is my understanding that the administration is considering restoring funding for this program and I certainly urge their favorable consideration for such restoration.

Mr. President, I do not offer any amendments to Senate Concurrent Resolution 9. I do not believe the resolution precludes examination by the Budget Committee at a later date when they mark up the first concurrent budget resolution. I join the senior Senator from Hawaii in urging that serious consideration be given to restoring funds to both the HUD Indian housing program and to the Indian Health Service at Health and Human Services to alleviate this problem.●

SOCIAL SECURITY MINIMUM BENEFIT

● Mr. LEVIN. Mr. President, earlier this week we voted to dismantle the social security minimum benefit.

It is hard to believe that the Senate supported such a clear breach-of-contract with the elderly citizens of this Nation. What have we come to when we find it necessary to renege on a commitment made to millions of older Americans who have reached the twilight of their years?

Mr. President, many of the people who would be affected by the elimination of the minimum benefit are medically indigent, many have no close family members and most cannot work.

We are talking about 13,678 beneficiaries who are over the age of 95; 66.396 are between the ages of 90 and 94; 66,552 are between 85 and 89; 284,534 are between 80 and 84; 410.376 are between 75 and 79; and 508,226 are 70 to 74 years of age.

These are the people who will be affected—the people that are being told that the Government has changed its mind about them—that it has decided not to honor its commitment to them.

Mr. President, the psychological effects on many of our elderly as a result of such action will be horrendous. And so will be the effects on most Americans depending on social security when we realize we can no longer depend on the word of our Government regarding social security benefits.

Social security is less secure after this week's vote.

This is not just my view—it is a view widely shared. Indicative of this perception is a copy of a letter I recently received from Rabbi Albert Lewis of Grand Rapids, Mich. In his capacity as a gerontologist, he points to the impact this proposed change will have on the morale of those who participate in the system. I ask that the text of his letter to the Commissioner of Social Security appear in the RECORD.

The letter follows:

TEMPLE EMANUEL,
Grand Rapids, Mich., March 6, 1981.

DEAR COMMISSIONER: As you and your advisors deliberate toward the possible resolution of the current Social Security dilemma, I encourage you to recognize that any changes in the current system will affect not only the current recipients but will also have the potential of undermining the morale of all those currently contributing to the system. This change in morale may evidence itself in intergenerational conflicts, loss of faith in government, and fear of the future and future planning. Undoubtedly, changes which may adversely affect the present and near future aged recipients will also negatively affect the attitudes toward aging in this country of all persons through the year 2000.

As a gerontologist, I urge you to thoroughly consider the short and long term merits of all proposed alterations. You are being asked, I believe, to consider not only the fiscal integrity of the Social Security system, but also the emotional and spiritual well being of the system's present and future participants. I urge you to proceed with great caution.

Respectfully,

Dr. ALBERT M. LEWIS,
Rabbi.●

ROUTINE MORNING BUSINESS

Mr. COCHRAN. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business for not to exceed 10 minutes.

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

PHILIP CYR

Mr. DODD. Mr. President, it is appropriate that we honor the memory of young Americans who have given their lives in service to their country in times of war and as part of our Armed Forces. It is equally appropriate that we honor the memory of young Americans who have died in peaceful service to the United States.

One such young man who gave his life to our country is Philip Cyr. Philip Cyr served in the best tradition of our Nation as a Peace Corps volunteer in Nepal. Last October, shortly before he was due to return to his family in West Hartford, Conn., Philip set off on a trek into the

foothills of the Himalayas. He never returned. Last week, after months of intensive searching, his body was found. He had apparently been robbed and murdered in a remote village.

I have personally expressed my heartfelt sympathy to Philip's parents, Normand and Jean Cyr. However, I wanted to take this opportunity to recognize both Philip's and his parents' sacrifice on the floor of the Senate.

As a former Peace Corps volunteer myself, I understand the motivations which brought Philip to a tiny village in Nepal to teach school for 2 years. Philip's Peace Corps service exemplifies the best qualities of our young people. He gave up a comfortable life in the United States in order to help teach villagers in one of the poorest regions of the world. Ultimately, he also gave his life. Philip's service and his sacrifice are to be commended by all Americans.

I should also commend the Peace Corps which launched a massive search effort as soon as it was learned Philip had not returned from his trek. The Peace Corps also flew Normand and Jean Cyr to Nepal to allow them to discuss the search with our personnel and with the highest ranking Nepalese authorities. I understand that the Cyrs returned with a better appreciation for the love their son Philip felt for the people of Nepal and the beauty of their country.

The loss of a son is a terrible burden to bear for any family. I know, however, how proud Normand and Jean Cyr are at the service their son gave to his country and to the world through his work in the Peace Corps.

I ask my colleagues to join me in recognizing Philip Cyr's sacrifice and in expressing our deep sympathy to Normand and Jean Cyr.

THE TRIVIALIZATION OF HUMAN RIGHTS

Mr. HAYAKAWA. Mr. President, a little more than 2 years ago Dr. Ernest Lefever, Assistant Secretary of State Designate for Human Rights and Humanitarian Affairs, wrote a major article which appeared in the winter 1978 issue of Policy Review. This article, "The Trivialization of Human Rights" is perhaps the most comprehensive critique of the Carter approach to human rights. At the time it was published, the article received worldwide attention and favorable comment. It was probably this article more than any other factor that drew Dr. Lefever to the attention of the Reagan administration.

Dr. Lefever wrote this as an independent scholar and stands by its fundamental concepts, although he no doubt has further developed his views since then. I have had the opportunity to discuss with Dr. Lefever his views on human rights. He feels the pursuit of human rights is wholly compatible with a sound national security policy. Dr. Lefever also believes that quiet persuasion is more effective than public scolding. He is deeply committed to a solid human rights policy and his article suggests major contributions Americans can make to further the cause of human rights in other countries.

Mr. President, the Senate will be considering Dr. Lefever's nomination soon, and I feel it is essential that my colleagues have the chance to become familiar with his views on human rights. Therefore, I ask unanimous consent that "The Trivialization of Human Rights" be printed in the RECORD.

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

THE TRIVIALIZATION OF HUMAN RIGHTS

(By Ernest W. Lefever)

Human rights are what politics is all about. Fifteen centuries ago Saint Augustine said that were it not for government, men would devour one another as fishes. He was, of course, referring to good government, but governments often become corrupt, cruel, or tyrannical. When this happens, they are the most monstrous fish of all. Depending on its character, government can be the most effective protector of human rights or the most vicious violator of them. Hence, the struggle for humane government is the heart of politics.

It is important to distinguish between two frequently confused concepts of human rights.[1] One has more immediate universal application because it is rooted in the religion and ethics of virtually all cultures and calls for sanctions against political authorities and others guilty of genocide, brutalizing innocent people and similar atrocities. The second and more precise concept of human rights in the fruit of the recent Western democratic experience and embraces a variety of substantive and procedural rights and safeguards that are enforced in perhaps fewer than a score of states. These rights include freedom of speech, assembly, press, and religion; equality before the law; periodic elections; the concept of being innocent until proved guilty; a judicial system independent from executive authority; and a range of safeguards for accused persons. Many of these Western democratic rights are unknown and unattainable in large parts of the world where both history and culture preclude the development of full-fledged democratic institutions. Nevertheless, there are significant differences in the extent to which human rights, more generally defined, are honored in undemocratic states. And some of these states have introduced a few of the specific Western safeguards.

The never-ending battle to maintain and enlarge the areas of proximate liberty and justice must be fought against external and internal forces which seek to impose authority without freedom, often by brutal means. Human rights as we know them in the United States and other democratic countries can be eroded or even obliterated from within by acquiescing to willful men who seek to capture the reins of power for their own narrow ends or from without by totalitarian regimes determined to extend their dominion.

Our Founding Fathers wrestled with the problem of creating a free and independent country ruled by a government with sufficient authority to overcome domestic and alien threats and with sufficient openness to respond to the will of the people. Their formula was the judicious balance between authority and freedom embraced in the Declaration of Independence and elaborated in the Constitution. The former asserted that "governments are instituted among men, deriving their just powers from the consent of the governed" to secure certain fundamental rights, among them "life, liberty, and the pursuit of happiness." The Constitution was promulgated to "establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty."

This audacious experiment prospered in an inauspicious world. In the face of new challenges, the American system provided for increasingly broader political participation and other specific rights spelled out or implied in the Constitution and its amendments. Our history is not without blemish, but compared to other political communities past and present, the American record is a beacon of freedom and justice in a world bedeviled by chaos, authoritarian rule, and messianic tyranny.

THE CURRENT HUMAN RIGHTS CAMPAIGN

The current wave of concern for human rights around the world was foreshadowed by several developments, notably Woodrow Wilson's crusade for "self-determination" and the Universal Declaration of Human Rights adopted by the United Nations in 1948. The U.S. campaign to make the advancement of human rights abroad an objective of foreign policy is more recent, but it did not start with President Jimmy Carter. He simply built on the lively interest developed in Congress during the past several years which has been expressed largely in foreign aid legislation designed to prohibit or restrict economic or military assistance to any government "which engages in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhumane, or degrading treatment or punishment, prolonged detention without charges, or other flagrant denial of the right to life, liberty, and the security of person" (Foreign Assistance Act, Section 502B, adopted in 1974). Most of the congressional human rights activists have limited their advocacy of punitive measures to Chile, South Korea, and Iran. In practice, the restrictions have had little effect on limiting aid, loans, or military sales, even to these countries.

Human rights was a natural cause for President Carter. As a born-again Baptist and a latter-day Wilsonian, he repeatedly stated his intention to restore integrity and compassion to American domestic and foreign policy. In his address at Notre Dame University on March 22, 1977, Mr. Carter looked back to the immediate past and deplored our "intellectual and moral poverty," illustrated by our Vietnam policy, and our "inordinate fear of Communism which once led us to embrace any dictator who joined us in that fear." He called for a "new" American foreign policy, "based on constant decency in its values and an optimism in its historical vision." The most conspicuous manifestation of his new policy is the effort to promote human rights in other countries by means of U.S. statecraft, including private diplomacy, public preaching, and measures to deny or threaten to deny economic, military or nuclear assistance. Mr. Carter's campaign has been given bureaucratic visibility by establishing a new post, Assistant Secretary of State for Human Rights and Humanitarian Affairs, currently filled by Patricia Derian, who sometimes discusses her assignment in moralistic rhetoric alien to traditional diplomatic discourse.

The human rights campaign has received mixed reviews at home and abroad. Last July in a New Yorker article friendly to the effort, Elizabeth Drew reported that Mr. Carter's people "are pleased, and some even a bit awestruck, at the impact that the human-rights campaign has had thus far. 'I think' says one, 'that the mulish world has noticed the two-by-four.'"

There is no doubt that the threatening

[1] This distinction is elaborated in Peter L. Berger's "Are Human Rights Universal?", Commentary, September, 1977.

plank has been noticed, and probably in isolated cases it has accomplished some good. But it should be recorded that some unmulish elements in the world, including friendly and allied governments, have also seen the two-by-four and are not convinced that its whack, however well-intended, has always been redemptive. There is no doubt that it has harmed relations with some allies and has both irritated and comforted adversaries.

It is by no means clear that the campaign has resulted in any significant relaxation of Soviet restrictions against emigration or political dissent. There is evidence that the opposite may be the case. On December 30, 1977, a New York Times page-one story reported: "The small Soviet human rights movement . . . is at its lowest point in years after a campaign of arrests, threats, and forced exile."

It is clear, however, that a score of allies has been unhappy with a policy they regard as arrogant and unfairly applied. Brazil, Argentina, Uruguay, and Guatemala have been alienated to the point where they have refused military assistance from Washington. And Brazil has served notice that it wishes to withdraw from its Security Assistance Agreement of 25 years standing. This alienation of allies gives aid and comfort to Moscow which more than offsets the minor embarrassment it suffers from Mr. Carter's conspicuous "intervention" on behalf of Soviet dissidents.

SIX FLAWS IN THE HUMAN RIGHTS POLICY

Far more serious, however, the Carter campaign has confused our foreign policy goals and trivialized the concept of human rights. It both reflects and reinforces serious conceptual flaws in the worldview of its most articulate spokesmen. These flaws, if permitted to instruct foreign policy, or even influence it unduly, could have catastrophic consequences for the security of the United States and the cause of freedom in the world. Six interrelated flaws deserve brief mention:

1. Underestimating the totalitarian threat

Human dignity and freedom are under siege around the world. It has been ever so. The islands of community protected by humane law have been contracting ever since postwar decolonization began. The citizens of most of the newly independent states in Asia and Africa now experience less freedom and fewer guaranteed rights than they did under Western colonial rule.

But the greatest threat to human rights comes from messianic totalitarian regimes whose brutal grip brooks no opposition. Their self-anointed and self-perpetuating elites have become the arbiters of orthodoxy in every sphere—politics, economics, education, the arts, and family life. The ruling party even usurps the place of God. In totalitarian states like the U.S.S.R., Cuba, Cambodia, and Vietnam, there are no countervailing forces to challenge the power, will, or policies of the entrenched elite.

In spite of notable exceptions, the general political situation in the Third World is characterized by chaos and authoritarian regimes. Democratic and anti-democratic ideas and institutions are competing for acceptance. In this struggle, we should not underestimate the attraction of the totalitarian temptation to leaders who are grappling with the perplexing problems of moving traditional societies into modern, welfare states.

The human rights activists tend to underestimate the totalitarian threat to the West and the totalitarian temptation in the Third World. Hence, they neglect or trivialize the fundamental political and moral struggle of our time—the protracted conflict between forces of total government based on coercion and the proponents of limited government based on popular consent and humane law. In their preoccupation with the minor abridgment of certain rights in authoritarian states, they often overlook the massive threat to the liberty of millions. They attack the limitation of civil rights in South Korea and at the same time call for the United States to withdraw its ground forces, an act that may invite aggression from North Korea. It would be a great irony if Washington in the name of human rights were to adopt a policy that would deliver 35,000,000 largely free South Koreans into virtual slavery.

2. Confusing totalitarianism with authoritarianism

In terms of political rights, moral freedom, and cultural vitality, there is a profound difference between authoritarian and totalitarian regimes. Most Asian, African, and Latin American countries are ruled by small elites supported by varying degrees of popular consent. Some are run by brutal tyrants like General Idi Amin of Uganda, others by one-party cliques, military juntas, or civilian-military committees. Almost all authoritarian regimes permit a significantly greater degree of freedom and diversity than the totalitarian ones in all spheres—political, cultural, economic, and religious. Authoritarian rulers often allow opposition parties to operate and a restrained press to publish. Foreign correspondents usually can move about freely and send out uncensored dispatches. They often permit and sometimes encourage relatively free economic activity and freedom of movement for their citizens. The quality of life possible under such rule, of course, depends not only on the character or central control, but on the cultural and economic level of the population as well.

There is, for example, far more freedom of choice, diversity of opinion and activity, and respect for human rights in authoritarian South Korea than in totalitarian North Korea. There is also far more freedom and cultural vitality in Chile—even under its present state of siege—than in Cuba. There have been political prisoners in Chile and there may be a handful now, but there are an estimated 15,000 to 60,000 political detainees in Cuba. These facts are noted, not to praise Chile or condemn Cuba, but to emphasize the consequential difference of human rights in the two kinds of regimes.

Another crucial difference is the capacity of authoritarian rule to evolve into democratic rule. This has happened recently in Spain, Portugal, Greece, and India. In sharp contrast, a Communist dictatorship has never made a peaceful transition to more representative and responsive rule.

3. Overestimating America's influence abroad

If the human rights zealots do not indulge in what Denis Brogan once called "the illusion of American omnipotence," they tend to overestimate our capacity, or the capacity of our government, to influence the external world, particularly domestic developments in other countries. America is powerful, but it is not all-powerful. Our considerable leverage of the 1950s and even our diminished leverage of the 1960s has been seriously eroded by OPEC, the great leap forward in Soviet military might, and our abandonment of Vietnam.

Quite apart from our limited capacity to influence intractable realities abroad, there is and should be a profound moral constraint on efforts designed to alter domestic practices, institutions, and policies within other states. Neo-Wilsonian attempts to make the world safe for human rights seem to be rooted in what Professor Ronald Berman has called "a planned confusion between domestic and foreign policy. The rest of the world is depicted as if it were an American constituency, driven by our own motives, vulnerable to our own rhetoric."[2] To be sure, the extravagant rhetoric of a Carter or a Wilson, with its crusading and paternalistic overtones, draws upon a persistent idealistic stream in the American character. But there is another and quieter stream equally honorable, but less pushy and perhaps more persuasive—symbolized by the Biblical parable of a candle upon a candlestick or a city set upon a hill, an example of the "lesser breeds without the law," as it was put in a more candid era.

John Quincy Adams expressed this more modest understanding of America's external responsibility: "We are the friends of liberty everywhere, but the custodians only of our own." Thirty years later, Abraham Lincoln spoke of "liberty as the heritage of all men, in all lands everywhere," but he did not claim that the United States was the chosen instrument for fulfilling this heritage.

4. Confusing domestic and foreign policy

Elaborating on Professor Berman's point, many human rights crusaders confuse the fundamental distinctions between domestic and foreign policy which are rooted in age-old practice, international law, the U.N. Charter, and common sense. They do not take seriously the distinctions in authority and responsibility that flow from the concept of sovereignty which underlies the modern state system. Our President and all other heads of state have authority to act only in their own states, within the territory of their legal jurisdiction. They are responsible only for the security and welfare of their own people, including their citizens living or traveling abroad.

There are, of course, multiple modes of interaction and cooperation between states based on mutual interest, ranging from trade, investment, and cultural exchange to military assistance and alliance ties. These activities are consistent with the concept of sovereign equality and non-interference in internal affairs. But short of a victorious war, no government has a right to impose its preference on another sovereign state. The mode and quality of life, the character and structure of institutions within a state should be determined by its own people, not by outsiders, however well-intentioned. The same is true for the pace and direction of social, political or economic change.

U.S. foreign policy toward another state should be determined largely by the foreign policy of that state. Domestic factors and forces are significant determinants only if they bear on external realities. Washington is allied with Iran, Taiwan, Thailand, and South Korea, not because their governments are authoritarian, but because they are regarded as vital in the struggle against the expansion of Soviet or Chinese power. It is therefore, appropriate to provide economic or military assistance to them, even if they do not hold regular elections. In sum, U.S. aid can properly be given to encourage a friend or ally to pursue constructive external policies, but not to promote internal reforms opposed by the assisted government. This leads to the next point.

5. Ignoring the perils of reform intervention

The impulse to impose our standards or practices on other societies, supported by policies of reward and punishment, leads inevitably to a kind of reform intervention. We Americans have no moral mandate to transform other societies, and we rightly resent such efforts on the part of the totalitarians. There is more than a touch of arrogance in our efforts to alter the domestic behavior of allies, or even of adversaries.

As noted above, the Foreign Assistance Act states that a principal goal of U.S. policy is to promote internationally recognized human rights abroad. Further, Title IX of the Act says that U.S. aid should be used to encourage "democratic-private and local government institutions" within the recipient

[2] See footnote 3.

states. The implications of this seemingly innocent phrase are disquieting. Should U.S. assistance be used to alter domestic institutions? Should we insist on an ideological or reform test before providing economic or military aid? Is this not a form of uninvited interference in domestic matters? If we take sovereign equality seriously, we will recognize that the people of every state should determine their own system of justice and how they want to defend themselves against domestic or foreign dangers.

Other states may request assistance from friendly governments on mutually agreed terms. But external forces, however nobly motivated, cannot impose justice, human rights, or freedom on other states without resorting to conquest. It may be possible to "export revolution"—as the phrase goes—but we cannot export human rights or respect for the rule of law. Freedom and justice are the fruit of long organic growth nurtured by religious values, personal courage, social restraint, and respect for law. The majesty of law is little understood in traditional societies where ethnic identity tends to supersede all other claims on loyalty and obedience.

6. Distorting foreign policy objectives

A consistent and single-minded invocation of a human rights standard in making U.S. foreign policy decisions would subordinate, blur, or distort other essential considerations. After all, our foreign policy has vital but limited goals—national security and international peace—both of which have a great impact on human rights. Aggressive war and tyranny are the two chief enemies of freedom and justice. Our efforts to deter nuclear war and nuclear blackmail are calculated to protect the culture and free institutions of Western Europe and North America. In the Third World we seek to maintain a regional stability conducive to responsible political development and mutually beneficial economic intercourse among states. Economic productivity alleviates stark poverty and thus broadens the range of cultural and political choice.

Therefore, our policies of nuclear deterrence should be determined by our understanding of the Soviet nuclear threat and our trade policies toward Moscow should be determined by our economic and security interests. Neither should be influenced, much less determined, by the extent of human rights violations in the Soviet Union. Likewise, in dealing with Third World countries, their foreign policy behavior should be the determining factor, not their domestic practices. Even though South Korea has an authoritarian government, we should continue our security support because it is a faithful ally under siege from a totalitarian neighbor and because its independence is vital to the defense of Japan and Japan's independence is vital to the U.S. position in the Western Pacific and the world.

THE PITFALLS OF SELECTIVE APPLICATION

These six conceptual flaws which underlie the human rights crusade have already led to unwise policies and if carried to their logical conclusion, could end in disaster. "Perhaps the most widely criticized and resented aspect of the campaign thus far has been its capricious and selective application to both Communist states and American allies."

During his visit to Poland last December, President Carter raised the human rights issue several times in public. On the one hand, he criticized his hosts for not permitting a handful of dissident journalists to attend his press conference. On the other, he praised Poland's rights record (compared to that of other Eastern European states) and said: "Our concept of human rights is preserved in Poland," to which a Polish writer replied: "The words are the same," but they "mean different things in the United States." The impropriety, not to say irony, of raising the sensitive rights issue in a Communist state whose fragile and problematic autonomy is precariously maintained at the sufferance of a totalitarian superpower, did not seem to concern Mr. Carter. Nor did the fact that Poland is forced to imitate many of the repressive measures of its master. By focusing on the absence of a handful of dissenting journalists at his press conference when the entire Polish people are held in bondage by the Soviet Union, President Carter distorted and trivialized the real meaning of human rights.

The policy of the Administration and the Congress toward the Soviet Union has also been vacillating and confused, seemingly more intent on scoring merchandisable victories than on grappling with the fundamental problem. Were it not for the Jewish emigration issue, Moscow would probably be receiving less critical attention than it is. How else can one explain the almost complete neglect of the massive violation of civil and political rights in Communist China, North Korea, Vietnam, and Cambodia?

Cambodia provides a particularly poignant example of this double standard toward totalitarian countries. Since the Communists took over on April 17, 1975, reliable studies estimate that 800,000 to 1.5 million Cambodians have died by execution or from starvation and disease caused by the forced evacuations from cities. This means that one in every six or seven has perished in the ruthless Communist bloodbath. Yet, where is the outcry from the advocates of human rights? Why this strange silence about what may well be the most brutal atrocity of our century? Measured by relative population, the Communist purge in Cambodia has destroyed more lives than Hitler's concentration camps or Stalin's Gulag Archipelago.

The great silence can be explained in part by racial and ideological factors. To certain rights advocates it somehow seems more reprehensible if violations or brutality are directed toward members of a different race. A white South African regime denying blacks the vote seems more morally repugnant than black regimes denying all citizens the vote (which is the case in most other African states). Filtered through a racist lens, it does not seem as bad for Cambodian Communists to murder thousands of innocent Cambodians—men, women, and children—as for a much smaller number of Cambodian soldiers to die in a war in which the United States was involved.

This suggests that an ideological factor is also present. A recent Wall Street Journal editorial pointed to the frequent alliance between liberal moral outrage and revolutionary causes: the "crimes of the Khmer Rouge, even though they dwarf some other state crimes of our times . . . have attracted less attention because they are inflicted in the name of revolution." One can only wonder what the reaction would be if the new government had employed "conservative" rhetoric and announced that it was going to cleanse the country of all socialist or Marxist influences.

Turning to American allies, some of the most articulate rights advocates concentrate their outrage on the very regimes that are under the most severe pressure from the totalitarians—South Korea, Taiwan, Iran, and Chile. The first three are geographically and militarily exposed to Communist power. Chile under Allende was the target of a massive internal and extenal assault by Marxist forces seeking to transform it into a Cuban-style dictatorship. All four of these states have authoritarian regimes, primarily in response to their present or recently endangered position, but in each the range of rights permitted or guaranteed by the regime is far greater than that of the Communist governments that seek to subvert or replace them. This suggests that the human rights standard is sometimes used, not to advance freedom, but as a cloak to attack antitotalitarian allies.

Some rights advocates have simultaneously urged punitive policies against Chile and measures to normalize relations with Cuba. This is a double irony. Human rights are more honored in Chile than in Cuba and Chile is pursuing a more peaceful foreign policy than Cuba. Havana is a mischief maker on a grand scale, acting as a cats-paw for Moscow. Castro, in addition to shoring up a minority regime in Angola with 19,000 Cuban troops, has sent Cuban soldiers to support the Marxist military junta in Ethiopia and to assist "revolutionary" regimes and other groups in a dozen other African states.

This double standard is often promoted by the media. According to a tabulation of news stories, editorials, and signed opinion for 1976, the prestige media's big five—New York Times, Washington Post, and the TV evening news shows of ABC, CBS, and NBC—carried 227 items about rights violations in two allied countries, Chile and South Korea, in contrast to only 24 stories about violation in three Communist countries, North Korea, Cuba, and Cambodia. The tabulation drawn up by Accuracy in Media follows:

	Chile	South Korea	North Korea	Cuba	Cambodia
New York Times	66	61	0	3	4
Washington Post	58	24	1	4	9
ABC-TV	5	2	0	0	1
CBS-TV	5	3	0	0	2
NBC-TV	3	0	0	0	0
Total	137	90	1	7	16

The content of the items was not examined, but the bias was clearly revealed by the inordinate attention given the small human rights sins of two loyal allies compared to the massive sins of three totalitarian adversaries—a ratio of almost ten to one.

Admittedly, it is far easier to get reliable information about the imperfections of authoritarian societies than those of closed, totalitarian states, but this is hardly an excuse for the media which pride themselves on vigorous investigative reporting. Certainly a little effort could have yielded considerably more data on violations in Cambodia, North Korea, and Cuba, to say nothing of China where both blunt and subtle forms of repression have been developed into an exquisite craft.

The lopsided application of human rights criteria is justified by White House and State Department spokesmen on pragmatic grounds. They frankly admit that they give more critical attention to allies than to adversaries because they have more leverage over the former—we can withhold or threaten to withhold aid from our friends, so why not strike a blow for freedom where we can, or, if one prefers, why not administer the two-by-four to a mulish friend?

What is America's Responsibility?

In a formal and legal sense, the U.S. Government has no responsibility—and certainly no authority—to promote human rights in other sovereign states. But this is hardly the whole story. Because of our heritage, our dedication to humane government, our power, and our wealth, we Americans have a moral responsibility, albeit ill-defined, in the larger world consistent with our primary obligations at home and commensurate with our capacity to influence external events. We are almost universally regarded as a humanitarian power and as the champion of freedom and decency. We should be proud of our humane occupation policies in Germany and Japan. But we enjoy no occupation rights now, and the role of our government abroad

is less clear. Saying this, the American people and their government can make two major contributions to the cause of human rights in other countries.

First, in the spirit of John Quincy Adams and Lincoln, we can be worthy custodians of the freedom bequeathed us by the Founding Fathers and thus continued to give heart to the aspirations of peoples everywhere. We can give hope to those in bondage by illustrating what the late Reinhold Niebuhr has called "the relevance of the impossible ideal." We can never fully realize our own ideals. And in most other cultural settings, full respect for human rights cannot be expected in the foreseeable future. A quick change in government will not enshrine liberty or justice. The message of our example is subdued, but not without hope—the struggle for a bit more freedom of choice or a better chance for justice is a never-ending one and after small gains have been made, eternal vigilance is vital to avoid sliding back into bondage. Serving as an example of decency, then, is our most effective way to nudge forward the cause of human dignity.

Second, our government can advance human rights by strengthening our resolve and our resources to defend our allies who are threatened by totalitarian aggression or subversion. This requires security guarantees, military assistance, and in some cases the presence of U.S. troops on foreign soil. Our combined effort to maintain a favorable balance of power has succeeded in preserving the independence of Western Europe, Japan, and South Korea. But because of our half-hearted commitment, we failed in Vietnam, Cambodia, and Laos, and in a different sense in Angola.

We have a domestic consensus for continued support of our North Atlantic allies and Japan, but some of our commitments elsewhere have been eroded by confusion over the nature of the threat. We are being severely tested in Taiwan, South Korea, and southern Africa. In each case, the totalitarians are pressing relentlessly by military, economic, political, and subversive means to destroy and replace Western influence. The struggle in these areas is hardly one of pure freedom against totalitarianism, but human rights (as well as peace) are clearly at stake. Any regime installed or sponsored by Moscow or Peking in Seoul, Taipei, or Pretoria will certainly provide less justice and freedom than the imperfect regime it displaced.

Beyond serving as a good example and maintaining our security commitments, there is little the U.S. Government can or should do to advance human rights, other than using quiet diplomatic channels at appropriate times and places. Moscow and other governments should be reminded of their pledges in the United Nations Charter and the Helsinki Agreement. Public preaching to friend or foe has limited utility. As we have already seen, it is both embarrassing and contraproductive to threaten punitive measures against friendly, but less than democratic, regimes which are attempting to achieve a reasonable balance between authority and freedom at home, often under severely trying circumstances, and are pursuing constructive policies abroad.

THE IRONY OF VIRTUE

The Carter Administration is not of one mind on the significance, purpose, or effects of the human rights crusade. The administration is even less united in the implementation of the program in specific cases. During his visit to Iran last December, President Carter gave his final approval for the sale of six to eight nuclear reactors to that country whose government has been the target of human rights activists as well as of Marxist groups. Alleged rights violations by the Shah's government have apparently had little effect on U.S. arms sales there. The same appears to be true of South Korea. In fact, some observers believe that the entire campaign so far has been more rhetoric than reality, and some suggest that it was launched more to satisfy the impulses of U.S. domestic groups than to effect real changes in the external world.

In any event, there appears to be a growing recognition of the moral and political limitations of a foreign policy crusade which, to repeat Mr. Carter, is based on "constant decency" and "optimism." While defending the campaign in principle, Secretary of State Cyrus Vance notes some of the reservations and flaws developed above. In a Law Day address April 30, 1977, Mr. Vance warned against a "self-righteous and strident" posture and said "we must always keep in mind the limits of our power and of our wisdom." He added that "a doctrinaire plan of action" to advance human rights "would be as damaging as indifference."

The tone of Mr. Vance's address stands in sharp contrast to President Carter's Notre Dame speech, which has been criticized as arrogant, self-righteous, and naive by Senator Daniel Moynihan and eight other policy observers in a monograph published last December.[3] Among other things, these critics took exception to Mr. Carter's view that there have been "dramatic worldwide advances in the protection of the individual from the arbitrary power of the state." In his pragmatic response to the security and other political realities, however, the President is far closer to Mr. Vance's words than to his own rhetoric. In the interests of reasonable consistency, the President has two choices—he can alter his rhetoric or alter his actual policies. Politically and morally, reality is more compelling than rhetoric.

The canons of prudence, statesmanship, and accountability all suggest that the President tone down his rhetoric. He should quietly recognize the political and moral limits of promoting particular reforms in other societies. He should recognize that a policy rooted in a presumption of American righteousness and in our capacity to sponsor virtue in other states often leads to the opposite effect. In some circumstances, the invocation of a rigid standard could undercut our security ties and invite a disaster in which millions of persons would move from partial freedom to tyranny.

Mr. Carter's policy is full of irony, precisely because his good intentions may lead to dire consequences. Irony is not the result of evil intention or malice, but rather of a hidden defect in virtue. In Mr. Carter's case, at least in rhetoric, the defect is a kind of vague, romantic optimism with an excessive confidence in the power of reason and goodwill. This comforting view of human nature, the child of the Enlightenment and social Darwinism, differs sharply with the more sober Biblical understanding of the nature and destiny of man. Be that as it may, the President should not be judged on his philosophical consistency, but rather by the actual policies he pursues. Since there is some relation between how one thinks and feels and what one does, it is not inappropriate to recall the words of columnist Michael Novak: "One of the best ways to create an immoral foreign policy is to try too hard for a moral one."

[3] See "Morality and Foreign Policy: A Symposium on President Carter's Stance," ed., Ernest W. Lefever, published by Ethics and Public Policy Center, Georgetown University, December 1977. The other critics are Robert L. Bartley, Ronald L. Berman, Jeane Kirkpatrick, Charles Burton Marshall, Michael Novak, John P. Roche, Eugene V. Rostow, and Roger L. Shinn.

THE RARE II REVIEW ACT OF 1981

Mr. McCLURE. Mr. President, I am pleased to be a cosponsor of S. 842 the RARE II Review Act of 1981 introduced yesterday by Senator HAYAKAWA. For the past decade, one-third of the national forest system, some 62 million acres, has been in limbo. It is not wilderness because Congress has not statutorily declared it to be. But neither has it been used or developed for either its resource or recreational values.

These lands have been embroiled in a continuing round of studies, litigation, restudies and new court challenges. The lands are in dispute because they are roadless and thus eligible to be considered for wilderness.

Wilderness is a very special, highly restricted use of land. Wilderness is defined by law as "an area where the Earth and its community of life are untrammeled by man, where man himself is a visitor who does not remain."

Access to wilderness can be only by foot, on horseback, or by canoe. There are no roads, improved campsites, ski lifts, or permanent structures. Care, recreational vehicles, and motor boats are excluded. Timber harvesting is prohibited. Mining, oil and gas exploration, grazing, and wildlife and watershed management are limited. Wilderness is the most restrictive of all public land uses.

The national forest system is one of America's great natural resources. For nearly a century, Congress has required these 187 million acres be used for a variety of purposes, including timber grazing, minerals, water, recreation, wilderness and fish and wildlife.

Congress has reserved to itself the right to decide which national forest lands should be designated as wilderness. It has left to the Forest Service, operating within statutory guidelines, decisions on the use of forest lands not designated as wilderness.

Enactment of the Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA) provided for the first time a long-range planning program for national forest management and other Forest Service programs. RPA requires that information be developed to aid decisionmaking and to help identify the array of issues which can affect the use of natural resources for decades to come.

RPA provides a process by which program and policy alternatives can be expressed and considered. The Forest Service must prepare a periodic renewable resources assessment and a series of long-range renewable resource programs that are responsive to changes anticipated in the year ahead.

The first assessment and program were sent to Congress early in 1976 with the first updatings scheduled for 1979 and 1980, respectively. The act requires a new assessment every 10 years thereafter and a new program every 5 years.

The program is developed with public participation and millions of public dollars. It is a program where the approach to management and allocation of national forest resources evolved after Con-

gress recognized the serious difficulties created by political responses to complex long-term problems. The integrated approach to the uses of our national forests promises the most public benefits of any yet tried and it should be permitted to work. However, Congress and the administration have independently taken actions at cross purposes with the RPA program, especially with regard to wilderness designations.

The RPA program provides for a major increase in the national forest share of the national wilderness preservation system. National forest classified wilderness acreage would remain nearly constant up to 1980 at 15.2 million acres; then recommendations would be made to Congress to increase the acreage to 25 to 30 million by 2020. The Wilderness Act of 1964 designated 14.3 million acres of national forest for possible inclusion in the national wilderness preservation system. Additions have now raised the acreage to 25.4 million, including 5.4 million acres in Alaska. As of January 1981, this total of 25.4 million acres of wilderness already meets the RPA goal for the year 2020. Still wilderness considerations continue.

The Wilderness Act of 1964 required the Secretary of Agriculture to study and review, within 10 years, existing primitive areas under its administration for suitability for inclusion in the national wilderness preservation system. Although it was not required to do so under the Wilderness Act, the U.S. Forest Service, under its administrative discretion, established its first roadless area review and evaluation (RARE I). Initiated in 1972, RARE I inventoried 1,449 roadless and undeveloped areas, involving 56 million acres, for possible inclusion in the national wilderness preservation system. Almost 8 years later, and after the initiation in June 1977, of a more comprehensive study (RARE II), the Forest Service made its latest recommendations on which areas within the national forest system should be designated as wilderness and included in the national wilderness preservation system.

In its final environmental statement, "Roadless Area Review and Evaluation II" (January 1979) the Forest Service presented, on an area basis, its recommendations regarding 62 million acres of national forest lands. Based on the review and evaluation of these lands the Forest Service recommended that 15 million acres be designated as wilderness, 11 million acres as further planning—subject to continuing resource management planning and studies—and 36 million acres as nonwilderness.

During a 3-month period the Carter administration considered the Forest Service recommendations and on April 16, 1979, announced its endorsement with some minor revisions. The Carter administration then sent to Congress the Forest Service recommendations, somewhat revised, for legislative action. To date, nine States have had these recommendations considered and revised and have passed into statutory wilderness designation on some 9.7 million acres. However, this should not be construed to mean that of the 15 million acres recommended for wilderness, only 5.3 million acres remain to be considered. This is the problem. There are still 11.3 million acres recommended for further planning and 28.7 million acres recommended for nonwilderness. Congress is not limited to only wilderness recommendations. It can designate for wilderness any of the further planning or nonwilderness areas.

The result is an enormous uncertainty about the amount of national forest lands available for timber supply and resource uses. Withdrawals for wilderness and wilderness study are having severe impacts on the Nation's timber supply, development of mineral and energy resources, range capability, and the expansion of developed recreational opportunities. These actions collectively shrink the land base available for multiple use. Even more disturbing is the cloud of uncertainty that hangs over lands inventoried as roadless but which have not been recommended for wilderness. These lands could and should be providing essential resources, such as timber, and vitally important mineral and energy resources.

The focus has been on expanding wilderness designations simply because land is undisturbed. The very nature of the wilderness study and designation system, coupled with its enormous litigation possibilities, means that wilderness advocates can win, through indecision, long-term wilderness status for their favorite areas without any consideration of overall national needs.

With this paralysis, the urgent question which must be answered is, How much wilderness is enough?

The quickest step that can be taken to end the uncertainty and remove the paralysis is to provide by statute for the nonwilderness multiple-use management of the 36 million acres that were recommended for nonwilderness use as a result of RARE II.

Although the Forest Service's stated intention is to manage these lands for nonwilderness purposes, statutory direction is necessary to avoid legal entanglements that could prolong the indecision. Such legislation would constitute a final "No" to those who persist in their efforts to convert these lands to wilderness even though extensive studies have found them unsuited for that purpose.

Such national legislation will reinforce the RARE II process. It will give the Forest Service the continuity and time required to plan timber management programs, which can involve a period of 100 years, without threat of costly time consuming appeals and lawsuits. It will bring to a close for these lands 16 years of uncertainty which has plagued workers, managers, and communities whose livelihoods depend on national forest resources.

Mr. President, passage of this bill will help to solve this paralysis and confront Congress with its responsibility to answer, in a timely fashion, How much wilderness is enough?

SOVIET DEFENSE ADVANCES IN PAST FEW YEARS

Mr. THURMOND. Mr. President, the urgent need for our Nation to rebuild our defense forces is becoming clearer to the American people each day.

Our military leaders, no longer constrained by the ill-conceived defense policies of the Carter administration, are speaking out clearly relative to our defense problems and the needed solutions.

A succinct statement on this subject came recently from the Commander in Chief of the Strategic Air Command, Gen. Richard Ellis, who declared we are now entering an "extremely dangerous period" because of "years of indecision, cancellations, and delays, involving strategic force modernization."

Mr. President, I ask unanimous consent that this article entitled "SAC Chief: Arms Gap Is Alarming," which appeared in the March 19, 1981 issue of the Omaha World Herald, be printed in the RECORD at the conclusion of my remarks.

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

SAC CHIEF: ARMS GAP IS ALARMING

(By Howard Silber)

The commander-in-chief of the Strategic Air Command has told a congressional subcommittee that the United States will enter an "extremely dangerous period" because of its strategic weapons insufficiency.

Gen. Richard H. Ellis blamed "years of indecision, cancellations and delays involving strategic force modernization" which he said "have led to a strategic imbalance between the United States and the Soviet Union."

The Ellis remarks were contained in a copy of his testimony Wednesday before the research and development subcommittee of the House Armed Services Committee in Washington.

Ellis expressed alarm at what he called "the fragile nature" of strategic communications and command control systems.

As a result, he said, "One of the pressing areas of concern is the high stress placed on" the extensive communications system "by Soviet submarines which patrol off both of our coasts."

Ellis said the strategic imbalance between the United States and Russia "came about principally because one leg of the strategic Triad was allowed to become vulnerable and another leg to approach obsolescence."

His reference was to the Minuteman and Titan II intercontinental ballistic missile force, which he said has become increasingly vulnerable to Soviet missiles, and to the principal U.S. strategic bomber, the 25-year-old B-52. These, along with the Navy's missile submarines, constitute the strategic Triad.

The SAC chief called for continued development of the MX missile without further delays, as a means of providing the United States with a survivable ICBM force.

Ellis called for the production of new bombers—either an improved FB-111 or the B-1—for introduction to the SAC force in the middle of the current decade or sooner and work on a more sophisticated, advanced-technology manned penetrator for the 1990s.

APPOINTMENTS BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER (Mr. GRASSLEY). The Chair, on behalf of the

President pro tempore, pursuant to Public Law 96-374, appoints the Senator from Vermont (Mr. STAFFORD) and Dr. David Gardner, president of the University of Utah, to the National Commission on Student Financial Assistance.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore 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 APPROVAL

A message from the President of the United States announced that on March 31, 1981, he had approved and signed the following act:

S. 509. An act to amend section 201 of the Agricultural Act of 1949, as amended, to delete the requirement that the support price of milk be adjusted semiannually.

MESSAGE FROM THE HOUSE

ENROLLED JOINT RESOLUTION SIGNED

At 4:54 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 182. Joint resolution to designate April 26, 1981, as "National Recognition Day for Veterans of the Vietnam Era."

The enrolled joint resolution was subsequently signed by the President pro tempore (Mr. THURMOND).

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-823. A communication from the Acting Under Secretary of Agriculture for International Affairs and Commodity Programs, transmitting, pursuant to law, the third quarterly commodity and country allocation table showing the planned programing of food assistance under title I/III of Public Law 480 for fiscal year 1981; to the Committee on Agriculture, Nutrition, and Forestry.

EC-824. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, a report on an overobligation of appropriations in the Federal Buildings Fund of the Public Building Service; to the Committee on Appropriations.

EC-825. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The Army Needs To Improve Individual Soldier Training In Its Units"; to the Committee on Armed Services.

EC-826. A communication from the Principal Deputy Assistant Secretary of the Navy (Logistics), transmitting, pursuant to law, a report with respect to converting the base operating support functions at Naval Air Facility, Midway Island, and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC-827. A communication from the Secretary of the Army, transmitting, pursuant to law, notice of the intent of the recent discovery and disposal of a suspected lethal chemical nerve agent munition at Dugway Proving Ground, Utah; to the Committee on Armed Services.

EC-828. A communication from the Secretary of Transportation, transmitting, pursuant to law, the final Urban Mass Transporation Administration Quarterly Report for fiscal year 1980; to the Committee on Banking, Housing, and Urban Affairs.

EC-829. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "What Can Be Done To Check The Growth Of Federal Entitlement And Indexed Spending"; to the Committee on the Budget.

EC-830. A communication from the chairman of the board and the president and chief executive officer of the U.S. Railway Association, transmitting, pursuant to law, a report entitled "Conrail at the Crossroads: The Future Of Rail Service in the Northeast"; to the Committee on Commerce, Science, and Transportation.

EC-831. A communication from the Secretary of the Interstate Commerce Commission, transmitting, pursuant to law, notice that the Commission will be unable to render a final decision in Docket No. 37522, Florida East Coast Railroad, application of joint rates, within the initially specified 7-month period; to the Committee on Commerce, Science, and Transportation.

EC-832. A communication from the Acting Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, a report on the proposed allocation in the fiscal year 1981 space shuttle program of funds in excess of the amount appropriated; to the Committee on Appropriations.

EC-833. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1982 and 1983, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-834. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Natural Gas Pipeline Safety Act of 1968, as amended, and the Hazardous Liquid Pipeline Safety Act of 1979 to authorize appropriations for fiscal years 1982 and 1983; to the Committee on Commerce, Science, and Transportation.

EC-835. A communication from the Acting Administrator, Energy Information Administration, Department of Energy, transmitting, pursuant to law, volume three of the Energy Information Administration Annual Report for 1980; to the Committee on Energy and Natural Resources.

EC-836. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on the annual achievements of the innovation grant program of the urban park and recreation recovery program (UPARR); to the Committee on Energy and Natural Resources.

EC-837. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Clean Air Act: Summary of GAO Reports (October 1977 through January 1981) And Ongoing Reviews," April 1, 1981; to the Committee on Environment and Public Works.

EC-838. A communication from the Acting Chairman, Council on Environmental Quality, Executive Office of the President, transmitting a draft of proposed legislation authorizing the Council on Environmental Quality appropriations under the Environmental Quality Improvement Act (EQIA) of 1970 for fiscal years ending September 30, 1982 and September 30, 1983; to the Committee on Environment and Public Works.

EC-839. A communication from the Secretary of Labor, transmitting a draft of proposed legislation to amend the Trade Act of 1974 to provide for changes in adjustment assistance for workers, and for other purposes; to the Committee on Finance.

EC-840. A communication from the Fiscal Assistant Secretary of the Treasury, transmitting, pursuant to law, a report on inventory of nonpurchased foreign currencies as of September 30, 1980; to the Committee on Foreign Relations.

EC-841. A communication from the assistant legal adviser for treaty affairs, transmitting, pursuant to law, international agreements other than treaties entered into by the United States within 60 days after the execution thereof; to the Committee on Foreign Relations.

EC-842. A communication from the Acting Assistant Secretary for Health, Department of Health and Human Services, transmitting, pursuant to law, a report on a new system of records; to the Committee on Governmental Affairs.

EC-843. A communication from the President, the Mortgage Corp., Federal Home Loan Mortgage Corporation, transmitting its annual report for 1980; to the Committee on Governmental Affairs.

EC-844. A communication from the Acting Inspector General, Department of Health and Human Services, transmitting, pursuant to law, the annual report of the Office of Inspector General covering the period January 1, 1980 through December 31, 1980; to the Committee on Governmental Affairs.

EC-845. A communication from the Acting Secretary, Federal Trade Commission, transmitting, pursuant to law, the FTC's annual report of compliance with the Government in the Sunshine Act; to the Committee on Governmental Affairs.

EC-846. A communication from the Acting Assistant Attorney General, Criminal Division, U.S. Deparment of Justice, transmitting, pursuant to law, a report on its activities and operations for 1980 re the Ethics in Government Act of 1978, 28 U.S.C. 529; to the Committee on Governmental Affairs.

EC-847. A communication from the Director, Office of Management and Budget, Executive Office of the President, transmitting a draft of proposed legislation to revise the Federal Grant and Cooperative Agreement Act (P.L. 95-224, 41 U.S.C. 501 et seq.); to the Committee on Governmental Affairs.

EC-848. A communication from the Public Information Specialist, Occupational Safety and Health Review Commission, transmitting, pursuant to law, the report of the Commission under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC-849. A communication from the President of the Inter-American Foundation, transmitting, pursuant to law, the Foundation's report for calendar year 1980 under the Freedom of Information Act; to the Committee on the Judiciary.

EC-850. A communication from the Director of the Federal Judicial Center, transmitting, pursuant to law, the 1980 Annual Report of the Center; to the Committee on the Judiciary.

EC-851. A communication from the Director of the Office of Personnel Management transmitting, pursuant to law, the agency's report for calendar year 1980 under the Freedom of Information Act; to the Committee on the Judiciary.

EC-852. A communication from the Solic-

itor of the United States Commission on Civil Rights, transmitting pursuant to law, the report of the Commission for calendar year 1980 under the Freedom of Information Act; to the Committee on the Judiciary.

EC-853. A communication from the president and from the national director of the Girl Scouts, transmitting, pursuant to law, the 31st Annual Report of the Girl Scouts of the United States of America; to the Committee on Labor and Human Resources.

EC-854. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the annual report on the primary care research and demonstration program for fiscal year 1980; to the Committee on Labor and Human Resources.

EC-855. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the fourth annual report on the administration of the national health service corps scholarship program; to the Committee on Labor and Human Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POW-55. A petition from a citizen of San Francisco, Calif., favoring congressional cooperation with the efforts of the Reagan administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM-56. A petition from a citizen of Miami, Fla., favoring congressional cooperation with the efforts of the Reagan administration to strengthen the military power of the United States; to the Committee on Armed Services.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services, with an amendment (in the nature of a substitute), and an amendment to the title:

S. 694. A bill to authorize supplemental appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and for research, development, test, and evaluation, and to increase the authorized personnel strength for military and civilian personnel of the Department of Defense, and for other purposes (Rept. No. 97-35).

By Mr. TOWER, from the Committee on Armed Services, without amendment:

S. Res. 105. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 694; referred to the Committee on the Budget.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

TREATY

By Mr. PERCY, from the Committee on Foreign Relations with amendments:

Executive U, 96th Congress, 1st Session. Maritime Boundary Settlement Treaty With Canada, signed at Washington, March 29, 1979 (Executive Rept. 97-5).

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry:

William Gene Lesher, of Virginia, to be an Assistant Secretary of Agriculture.

Seeley Lodwick, of Iowa, to be Under Secretary of Agriculture for International Affairs and Commodity Programs.

Seeley Lodwick, of Iowa, to be a member of the Board of Directors of the Commodity Credit Corporation.

William Gene Lesher, of Virginia, to be a member of the Board of Directors of the Commodity Credit Corporation.

John B. Crowell, of Oregon, to be an Assistant Secretary of Agriculture.

C. W. McMillan, of Virginia, to be a member of the Board of Directors of the Commodity Credit Corporation.

(The above nominations reported from the Committee on Agriculture, Nutrition, and Forestry, 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.)

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. BOSCHWITZ:

S. 843. A bill for the relief of Dr. Romulo Z. Kabatay and Wilma E. Kabatay; to the Committee on the Judiciary.

S. 844. A bill for the relief of Daniel Han Ying NG; to the Committee on the Judiciary.

S. 845. A bill for the relief of Bins Tao San; to the Committee on the Judiciary.

By Mr. WARNER (for himself and Mr. JACKSON) (by request):

S. 846. A bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982 and fiscal year 1983, and for other purposes; to the Committee on Armed Services.

By Mr. PERCY (by request):

S. 847. A bill to amend the Board for International Broadcasting Act of 1973, to authorize a supplemental appropriation for fiscal year 1981, and to authorize appropriations for fiscal years 1982 and 1983; to the Committee on Foreign Relations.

S. 848. A bill to authorize appropriations for the Peace Corps, and for other purposes; to the Committee on Foreign Relations.

S. 849. A bill to authorize appropriations for the International Communication Agency to carry out in fiscal years 1982 and 1983 international communication and educational and cultural exchange programs, and for other purposes; to the Committee on Foreign Relations.

By Mr. BAUCUS:

S. 850. A bill to amend the Internal Revenue Code of 1954 to provide greater protection for the rights of the taxpayers; to the Committee on Finance.

By Mr. MOYNIHAN:

S. 851. A bill to amend the Internal Revenue Code to increase the amount that an artist may deduct when he contributes an artistic composition to charity; to the Committee on Finance.

S. 852. A bill to amend the Internal Revenue Code to provide a tax credit for certain contributions of literary, musical or artistic compositions; to the Committee on Finance.

S. 853. A bill to amend the Social Security Act to provide that the Federal Government will gradually take over the local share of AFDC and medicaid costs if States meet certain minimum AFDC benefit requirements, and for other purposes; to the Committee on Finance.

By Mr. PERCY:

S. 854. A bill to promote the orderly conduct of international relations by facilitating the operation of foreign missions in the United States, thereby promoting the secure and efficient operation of the U.S. missions abroad; to the Committee on Foreign Relations.

By Mr. MOYNIHAN:

S. 855. A bill to amend the Social Security Act to revise the AFDC and medicaid matching formula for States which meet certain minimum AFDC benefit requirements, and for other purposes; to the Committee on Finance.

By Mr. SARBANES:

S. 856. A bill to provide that certain term employees whose service was terminated by the Government Printing Office may have such service taken into account when the employees are being considered for other Federal employment, and for other purposes; to the Committee on Governmental Affairs.

By Mr. TOWER:

S. 857. A bill to impose quantitative restrictions on the importation of lamb meat; to the Committee on Finance.

By Mr. DURENBERGER:

S. 858. A bill to amend the Internal Revenue Code of 1954 to provide estate tax equity for family farms and other enterprises, and for other purposes; to the Committee on Finance.

By Mr. THURMOND (for himself, Mr. DOMENICI, Mr. ABDNOR, Mr. BAUCUS, Mr. HEFLIN, Mr. NUNN, Mr. LAXALT, Mr. HATFIELD, Mr. LUGAR, Mr. HELMS, Mr. GRASSLEY, Mr. SYMMS, Mr. HUDDLESTON, Mr. BENTSEN, Mrs. KASSEBAUM, Mr. TSONGAS, Mr. CRANSTON, Mr. MOYNIHAN, Mr. SARBANES, Mr. SASSER, Mr. SPECTER, Mr. HATCH, Mr. KENNEDY, Mr. CHAFEE, Mr. HAYAKAWA, Mr. HOLLINGS, Mr. PROXMIRE, Mr. DECONCINI, Mr. DENTON, Mr. RIEGLE, Mrs. HAWKINS, Mr. DOLE, Mr. WALLOP, Mr. ANDREWS, Mr. LEAHY, Mr. GARN, Mr. DURENBERGER, and Mr. METZENBAUM):

S.J. Res. 60. Joint resolution to authorize and request the President to designate the week of May 3 through May 9, 1981, as "National Physical Fitness and Sports for All Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WARNER (for himself and Mr. JACKSON) (by request):

S. 846. A bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982 and fiscal year 1983, and for other purposes; to the Committee on Armed Services.

DEPARTMENT OF ENERGY NATIONAL SECURITY AND MILITARY APPLICATIONS OF NUCLEAR ENERGY AUTHORIZATION ACT OF 1982

● Mr. WARNER. Mr. President, by request, for myself and the senior Senator from Washington (Mr. JACKSON), I introduce for appropriate reference a bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1982 and fiscal year 1983, and for other purposes.

I ask unanimous consent that the bill and a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the RECORD.

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

S. 846

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Energy National Security and Military Applications of Nuclear Energy Authorization Act of 1982".

TITLE I—NATIONAL SECURITY PROGRAMS

OPERATING EXPENSES

SEC. 101. Funds are hereby authorized to be appropriated to the Department of Energy

for fiscal year 1982 for operating expenses incurred in carrying out national security programs (including scientific research and development in support of the armed services, strategic and critical materials necessary for the common defense, and military applications of nuclear energy and related management and support activities) as follows:

(1) For naval reactors development, $279,500,000;

(2) For weapons activities, $2,454,300,000;

(3) For verification and control technology, $48,900,000;

(4) For materials production, $616,200,000;

(5) For defense nuclear waste management, $262,028,000;

(6) For nuclear materials security and safeguards development, $44,300,000;

(7) For security investigations, $23,600,000.

PLANT AND CAPITAL EQUIPMENT

SEC. 102. Funds are hereby authorized to be appropriated to the Department of Energy for fiscal year 1982 for plant and capital equipment (including planning, construction, acquisition and modification of facilities, land acquisition related thereto, and acquisition and fabrication of capital equipment not related to construction) necessary for national security programs, as follows:

for national security development:

Project 82-N-100, general plant projects, various locations, $4,000,000.

Project 82-N-111, materials facility, Savannah River, South Carolina, $15,000,000.

(2) For weapons activities:

Project 82-D-100, general plant projects, various locations, $15,800,000.

Project 82-D-103, general plant projects, various locations, $16,300,000.

Project 82-D-104, new weapons production installations, various locations, $5,000,000.

Project 82-D-106, weapon assembly facilities, Pantex Plant, Amarillo, Texas, $23,500,000.

Project 82-D-107, utilities and equipment restoration, replacement, and upgrade, Phase III, various locations, $87,500,000.

Project 82-D-108, nuclear weapons stockpile improvement, various locations, $32,200,000.

Project 82-D-109, 155mm artillery fired atomic projectile (AFAP) production facilities, various locations, $35,000,000.

Project 82-D-111, interactive graphics system, various locations, $9,000,000.

Project 82-D-142, North Las Vegas Atlas facility, Las Vegas, Nevada, $3,600,000.

Project 82-D-146, weapons production and production support facilities, various locations, $8,000,000.

Project 82-D-147, pressure test facility, Savannah River Plant, Aiken, South Carolina, $3,500,000.

Project 81-D-106, weaponization facilities, Ernest Orlando Lawrence Livermore National Laboratory, California, an additional sum of $1,000,000 for a total project authorization of $7,600,000.

Project 81-D-108, reactor support facilities, Sandia National Laboratories, New Mexico, an additional sum of $1,000,000 for a total project authorization of $10,000,000.

Project 81-D-115, M-X warhead production facilities, various locations, an additional sum of $60,000,000 for a total project authorization of $70,000,000.

Project 81-D-116, utilities and equipment restoration, replacement, and upgrade, Phase II, various locations, an additional sum of $10,000,000 for a total project authorization of $85,000,000.

Project 81-D-120, control of effluents and pollutants, Y-12 Plant, Oak Ridge, Tennessee, an additional sum of $3,400,000 for a total project authorization of $6,400,000.

Project 81-D-133, earthquake damage restoration, Lawrence Livermore National Laboratory, California, an additional sum of $6,300,000 for a total project authorization of $9,300,000.

Project 81-D-134, earthquake damage restoration, Sandia National Laboratory at Livermore, California, an additional sum of $1,700,000 for a total project authorization of $3,700,000.

Project 79-7-o, universal pilot plant, Pantex Plant, Amarillo, Texas, an additional sum of $5,200,000 for a total project authorization of $12,600,000.

Project 78-16-a, cruise missile production facilities, various locations, an additional sum of $80,700,000 for a total project authorization of $98,800,000.

Project 78-17-d, steam plant improvements, Y-12 Plant, Oak Ridge, Tennessee, an additional sum of $1,500,000 for a total project authorization of $27,000,000.

Project 78-17-e, high explosive machining facility, Pantex Plant, Amarillo, Texas, an additional sum of $5,600,000 for a total project authorization of $10,600,000.

Project 77-11-c, 8-inch artillery fired atomic projectile (AFAP) production facilities, various locations, an additional sum of $3,600,000 for a total project authorization of $30,800,000.

(3) For materials production:

Project 82-D-116, general plant projects, various locations, $23,000,000.

Project 82-D-117, plant engineering and design, various locations, $3,000,000.

Project 82-D-118, N plant security and surveillance, Richland, Washington $4,000,000.

Project 82-D-124, restoration of production capabilities, Phase II, various locations, $126,000,000.

Project 82-D-126, reactor safety and reliability, various locations, $42,900,000.

Project 82-D-127, safeguards improvements, Savannah River, South Carolina, $34,600,000.

Project 82-D-128, plant perimeter security systems upgrade, Idaho Fuels Processing Facilities, Idaho National Engineering Laboratory, Idaho, $4,400,000.

Project 82-D-136, fuel processing facilities upgrade, Idaho Fuel Processing Facility, INEL, Idaho, $40,000,000.

Project 81-D-126, pollution abatement facilities—chemical processing plants, Richland, Washington, for an additional sum of $4,300,000 for a total project authorization of $5,300,000.

Project 81-D-128, restoration of production capabilities, various locations, an additional sum of $14,400,000 for a total project authorization of $49,400,0000.

Project 81-D-142, steam transfer header Savannah River, South Carolina, an additional sum of $1,000,000 for a total project authorization of $8,000,000.

Project 81-D-143, L-Reactor Upgrade, Savannah River, South Carolina, an additional sum of $66,000,000 for a total project authorization of $115,000,000.

Project 80-AE-3, steam generation facilities, Idaho Fuels Processing Facility, Idaho, an additional sum of $5,000,000 for a total project authorization of $28,500,000.

Project 77-13-a, fluorinel dissolution process and fuel receiving improvements, Idaho Fuels Processing Facility, Idaho National Engineering Laboratory, Idaho, an additional sum of $50,000,000 for a total project authorization of $199,400,000.

(4) For defense nuclear waste management:

Project 82-N-101, general plant projects various locations, $11,400,000.

Project 82-N-103, waste handling and isolation facilities, Richland, Washington, $34,450,000.

Project 82-N-104, waste transfer facilities, Richland, Washington, $6,750,000.

Project 82-N-107, rail replacement/Hanford railroad, Richland, Washington, $12,000,000.

Project 82-N-110, plant engineering and design, Savannah River, South Carolina, $10,000,000.

Project 77-13-f, waste isolation pilot plant, Delaware Basin, Southeast, New Mexico, an additional sum of $8,600,000 for a total project authorization of $127,600,000.

(5) For capital equipment not related to construction—

(A) for naval reactors development, $28,000,000;

(B) for weapons activities, $196,500,000;

(C) for verification and control technology, $1,100,000;

(D) for materials production, $73,600,000;

(E) for defense nuclear waste management, $24,472,000; and

(F) for nuclear materials security and safeguards development, $3,700,000.

TITLE II—GENERAL PROVISIONS

REPROGRAMMING

SEC. 201. (a) Except as otherwise provided in this Act—

(1) no amount appropriated pursuant to this Act may be used for any program in excess of 105 percent of the amount authorized for that program by this Act or $10,000,000 more than the amount authorized for that program by this Act, whichever is the lesser, and

(2) no amount appropriated pursuant to this Act may be used for any program which has not been presented to, or requested of, the Congress, unless a period of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three calendar days to a day certain) has passed after receipt by the appropriate committees of Congress of notice from the Secretary of Energy (hereinafter in this title referred to as the "Secretary") containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of the proposed action, or unless each committee before the expiration of such period has transmitted to the Secretary written notice to the effect such Committee has no objection to the proposed action.

LIMITS ON GENERAL PLANT PROJECTS

SEC. 202. (a) The Secretary may carry out any construction project under the general plant projects provisions authorized by this Act if the total estimated cost of the construction project does not exceed $1,000,000.

(b) If at any time during the construction of any general plant project authorized by this Act, the estimated cost of the project is revised due to unforeseen cost variations and the revised cost of the project exceeds $1,000,000, the Secretary shall immediately furnish a complete report to the appropriate committees of Congress explaining the reasons for the cost variation.

LIMITS ON CONSTRUCTION PROJECTS

SEC. 203. (a) Whenever the current estimated cost of a construction project which is authorized by section 102 of this Act, or which is in support of national security programs of the Department of Energy and was authorized by any previous Act, exceeds by more than 25 percent the higher of (1) the amount authorized for the project, or (2) the amount of the total estimated cost for the project as shown in the most recent budget justification data submitted to Congress, construction may not be started or additional obligations incurred in connection with the project above the total estimated cost, as the case may be, unless a period of 30 calendar days (not including any day in which either House of Congress is not in session because of adjournment of more than three days to a day certain) has passed after receipt by the appropriate committees of Congress of written notice from the Secretary containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of the action, or unless each committee before the expiration of such period has notified the Secretary it has no objection to the proposed action.

(b) Subsection (a) shall not apply to any construction project which has a current estimated cost of less than $5,000,000.

FUND TRANSFER AUTHORITY

SEC. 204. To the extent specified in appropriation Acts, funds appropriated pursuant to this Act may be transferred to other agencies of the Government for the performance of the work for which the funds were appropriated, and funds so transferred may be merged with the appropriations of the agency to which the funds are transferred.

AUTHORITY FOR CONSTRUCTION DESIGN

SEC. 205. (a) Within the amounts authorized by this Act for plant engineering and design, the Secretary may carry out advance planning and construction designs (including architectural and engineering services) in connection with any proposed construction projects.

(b) In the event it is necessary to conduct a plant engineering and design project which was not previously identified in the budget justification data previously submitted to Congress, the Secretary shall notify the appropriate committees of Congress in writing of the details of the project at least 30 days before any funds are obligated for the project.

(c) Subsection (b) shall not apply to any plant engineering and design project which has a current estimated cost of less than $500,000.

FUNDS AVAILABLE FOR ALL NATIONAL SECURITY PROGRAMS OF THE DEPARTMENT OF ENERGY

SEC. 206. Subject to the provisions of appropriation Acts, amounts appropriated pursuant to this Act for management and support activities and for general plant projects are available for use, when necessary, in connection with all national security programs of the Department of Energy.

AUTHORITY FOR EMERGENCY CONSTRUCTION DESIGN

SEC. 207. In addition to the advance planning and construction design authorized by section 102, the Secretary may perform planning and design utilizing available funds for any Department of Energy defense activity construction project whenever the Secretary determines that the design must proceed expeditiously in order to meet the needs of national defense or to protect property or human life.

ADJUSTMENTS FOR PAY INCREASES

SEC. 208. Appropriations authorized by this Act for salary, pay, retirement or other benefits for Federal employees may be increased by such amounts as may be necessary for increases in benefits authorized by law.

AVAILABILITY OF FUNDS

SEC. 209. When so specified in an appropriation Act, amounts appropriated for "Operating Expenses" or for "Plant and Capital Equipment" may remain available until expended.

TITLE III—AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1983

SEC. 301. (a) There is authorized to be appropriated to the Department of Energy to be available not earlier than October 1, 1982, those sums which may be necessary for fiscal year 1983 for programs set forth in this Act.

(b) All of the provisions which are applicable to amounts appropriated pursuant to other sections of this Act shall apply in the same manner to amounts appropriated pursuant to this section.

DEPARTMENT OF ENERGY,
Washington, D.C.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is proposed legislation "[t]o authorize appropriations for the Department of Energy for national security programs for fiscal year 1982 and fiscal year 1983" in accordance with section 660 of the Department of Energy Organization Act. The bill would authorize specific appropriations for FY 82 and those appropriations which might be necessary for FY 83. The total amount proposed for FY 82 is $4,996,400,000, of which $3,728,828,000 is for operating expenses, $327,372,000 is for capital equipment, and $940,200,000 is for construction projects.

The Office of Management and Budget advises that this legislative proposal is in accord with the program of the President.

Sincerely,

ERIC J. FYGI,
Acting General Counsel.●

By Mr. PERCY (by request):

S. 847. A bill to amend the Board for International Broadcasting Act of 1973, to authorize a supplemental appropriation for fiscal year 1981, and to authorize appropriations for fiscal years 1982 and 1983; to the Committee on Foreign Relations.

BOARD FOR INTERNATIONAL BROADCASTING AUTHORIZATION ACT, FISCAL YEARS 1981, 1982, AND 1983

● Mr. PERCY. Mr. President, by request, I introduce for appropriate reference a bill to amend the Board for International Broadcasting Act of 1973 and to authorize appropriations for the Board to carry out its responsibilities as specified in that act.

This legislation has been requested by the Board, and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with a sectional analysis of the bill and the letter from the Executive Director of the Board for International Broadcasting to the President of the Senate dated March 18, 1981.

There being no objection, the bill, analysis, and letter were ordered to be printed in the RECORD, as follows:

S. 847

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Board for International Broadcasting Authorization Act, Fiscal Years 1981, 1982 and 1983."

AUTHORIZATION OF APPROPRIATIONS

Section 1. Section 8(a)(1)(A) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877(a)) is amended to read as follows—

"(A) $100,300,000 for fiscal year 1981."

SEC. 2. There are authorized to be appropriated for the Board for International Broadcasting $98,317,000 for fiscal year 1982 and $98,317,000 for fiscal year 1983.

SECTIONAL ANALYSIS

Section 1: This paragraph authorizes appropriations of additional funds to the Board for improvements in the programs and facilities of Radio Free Europe/Radio Liberty, Inc., in fiscal year 1981.

Section 2: This paragraph authorizes appropriations for the Board to carry out its functions during fiscal years 1982 and 1983.

BOARD FOR
INTERNATIONAL BROADCASTING,
Washington, D.C., March 18, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith proposed legislation to make required amendments to the Board for International Broadcasting Act of 1973 and to authorize appropriations for the Board to carry out its responsibilities as specified in that Act.

The bill provides for authorization of a supplemental appropriation for fiscal year 1981 and for appropriations for the Board's operation during fiscal years 1982 and 1983.

A sectional analysis explaining the proposed legislation is enclosed.

The Office of Management and Budget has advised the Board that there is no objection to the presentation of this proposal to the Congress and that its enactment would be in accord with the program of the President.

Respectfully,

WALTER R. ROBERTS,
Executive Director.●

By Mr. PERCY (by request):

S. 848. A bill to authorize appropriations for the Peace Corps, and for other purposes; to the Committee on Foreign Relations.

PEACE CORPS ACT AMENDMENTS OF 1981

Mr. PERCY. Mr. President, by request, I introduce for appropriate reference a bill to authorize appropriations for the Peace Corps, and for other purposes.

This legislation has been requested by the Peace Corps, and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with a section-by-section analysis of the bill and the letter from the Acting Director of the Peace Corps to the President of the Senate dated March 17, 1981.

There being no objection, the bill, analysis, and letter were ordered to be printed in the RECORD, as follows:

S. 848

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Peace Corps Act Amendments of 1981".

SEC. 2. (a) Section 3(b) of the Peace Corps Act, as amended, (hereinafter the "Act") is amended by deleting "fiscal year 1981 not to exceed $118,000,000" and inserting in lieu thereof, "for the fiscal year ending September 30, 1982 not to exceed $95,000,000, and for the fiscal year ending September 30, 1983 such sums as may be necessary."

(b) Section 3(c) of the Act is amended by inserting after "fiscal year 1981" the words "and fiscal years 1982 and 1983".

(c) Section 3 of the Act is amended by adding the following new subsection at the end thereof:

"(h) In recognition of the fact that there are over 400,000,000 disabled people in the world, 95 percent of whom are among the poorest of the poor, the Peace Corps shall be administered so as to give particular attention to programs, projects and activities which tend to integrate disabled people into

the national economies of developing countries, thus improving their status and assisting the total development effort."

SEC. 3. Section 9 of the Act is amended by striking out "section 10(a)(4)" and by inserting in lieu thereof "section 10(a)(5)".

SEC. 4. Section 5(h) of the Act is amended by deleting the last two sentences at the end thereof.

SEC. 5. Section 10 of the Act is amended by adding the following new subsection at the end thereof:

"(i) The Provisions of Section 30 of the State Department Basic Authorities Act of 1956 relating to malpractice protection shall apply to volunteers and personnel assigned or employed under this Act, and references to the Secretary of State in subsection (f) of such section shall be deemed references to the President. For purposes of subsection (g) of such section, a Peace Corps representative shall be deemed to be a principal representative of the United States."

SEC. 6. The Act is amended by striking out section 18 thereof.

PEACE CORPS ACT AMENDMENTS OF 1981—SECTION-BY-SECTION ANALYSIS

Section 1, the enacting clause, establishes the enacting clause as the "Peace Corps Act Amendments of 1981".

Section 2 amends section 3(b) of the Peace Corps Act (the "Act") to authorize the appropriation of $95,000,000 for activities under the Act for the fiscal year ending September 30, 1982, and such sums as may be necessary for the fiscal year ending September 30, 1983. Appropriations are requested for the fiscal year ending September 30, 1983 to comply with the requirement of section 607 of the Congressional Budget Act of 1974.

Section 2 also authorizes the appropriation of such sums as may be necessary for increases in pay, retirement, and similar benefits authorized by law for fiscal year 1982 and 1983.

Section 2 would also add a new section (h) to section 3 of the Act to recognize the need for the Peace Corps to give particular attention to the more than 400,000,000 disabled people in the world, most of whom are among the poorest of the poor, and to programs, projects and activities which tend to integrate them into national economies of their countries and thereby improve their status and decrease the economic drain they represent on their families and society in general.

Section 3 is a technical amendment to change the reference to section 10(a)(4) in section 9 of the Act to a reference to section 10(a)(5). This is necessary to correct an oversight which occurred when section 10 was renumbered in 1978.

Section 4 deletes references to malpractice protections for Peace Corps Volunteers now contained in Section 5(h) and proposed to be added to Sec. 10.

Section 5 amends section 10 of the Act to provide to Peace Corps employees and volunteers protection against claims for damages based on medical malpractice or negligence which is available to State Department employees. Peace Corps employees had this coverage prior to passage of the Foreign Service Act of 1980, but section 1091 of the Foreign Service Act of 1946 (which provided the coverage) was repealed and reenacted as part of the Department of State Basic Authorities Act. This reenactment deprived Peace Corps employees of the protection they previously had. This amendment would restore their coverage by extending to them the malpractice protections previously afforded only to Peace Corps Volunteers in Section 5(h) of the Act, which was based on the same law, using the language of Section 5(h) but adding a reference to Peace Corps employees.

Section 6 repeals section 18 of the Peace Corps Act, which applies the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611) to functions carried out under the Peace Corps Act. The Mutual Defense Assistance Act was superseded by the Export Administartion Act of 1979 (93 Stat. 503) effective October 1, 1979. Section 18 is therefore obsolete, and should be repealed.

PEACE CORPS,
Washington, D.C., March 17, 1981.

Hon. GEORGE BUSH,
President, U.S. Senate, the Capitol, Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for your consideration is a draft bill which will enable the Peace Corps to continue its work in behalf of world peace and friendship for the next two years.

The bill would authorize the appropriation of $95,000,000 for the fiscal year ending September 30, 1982 and such sums as may be necessary for the fiscal year ending September 30, 1983. It would also authorize such sums as may be necessary to fund increases in pay and other employee benefits authorized by law.

In recognition of the contribution that disabled individuals can make to their communities, we propose that a provision be added to the Peace Corps Act requiring that particular attention be given to programs, projects and activities which tend to integrate disabled people into the national economies of developing countries.

The bill would also restore the malpractice protection available to Peace Corps employees which was inadvertently removed when the Foreign Service Act of 1980 was passed.

The Office of Management and Budget has advised that there is no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

WILLIAM G. SYKES,
Acting Director.

By Mr. PERCY (by request):

S. 849. A bill to authorize appropriations for the International Communication Agency to carry out in fiscal years 1982 and 1983 international communication and educational and cultural exchange programs, and for other purposes; to the Committee on Foreign Relations.

INTERNATIONAL COMMUNICATION AGENCY AUTHORIZATION ACT, FISCAL YEARS 1982 AND 1983

● Mr. PERCY. Mr. President, by request, I introduce for appropriate reference a bill to authorize appropriations for the International Communication Agency.

This legislation has been requested by the International Communication Agency, and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with a section-by-section analysis of the bill and the letter from the Acting Director of ICA to the President of the Senate dated March 25, 1981.

There being no objection, the bill, analysis, and letter were ordered to be printed in the RECORD, as follows:

S. 849

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 "International Communication Agency Authorization Act, Fiscal Years 1982 and 1983."

SEC. 2. AUTHORIZATION AND APPROPRIATIONS.—There are authorized to be appropriated for the International Communication Agency, $561,402,000 for the fiscal year 1982 and $482,340,000 for the fiscal year 1983 to carry out international communication, educational, cultural, and exchange programs under the United States Information and Educational Exchange Act of 1948, as amended, the Mutual Educational and Cultural Exchange Act of 1961, as amended, and Reorganization Plan No. 2 of 1977, and other purposes authorized by law.

SEC. 3(A). CHANGES IN ADMINISTRATIVE AUTHORITIES.—Title III of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1451–1453) is amended to read as follows:

"PERSONS TO BE ASSIGNED

"SEC. 301. The Director of the International Communication Agency is authorized, when the government of another country is desirous of obtaining the services of a person having special scientific or other technical or professional qualifications, from time to time to assign or authorize the assignment for service, to or in cooperation with such government, any person in the employ or service of the Government of the United States who has such qualifications, with the approval of the Government agency in which such person is employed or serving. No person shall be assigned for service to or in cooperation with the government of any country unless (1) the Director finds that such assignment is necessary in the national interest of the United States, or (2) such government agrees to reimburse the United States in an amount equal to the compensation, travel expenses, and allowances payable to such person during the period of such assignment in accordance with the provisions of section 302, or (3) such government shall have made an advance of funds, property, or services as provided in section 902. Nothing in this Act, however, shall authorize the assignment of such personnel for service relating to the organization, training, operation, development, or combat equipment of the armed forces of a foreign government.

"STATUS AND ALLOWANCES

"SEC. 302. Any person in the employ or service of the United States, while assigned for service to or in cooperation with another government under the authority of this Act, shall be considered, for the purpose of preserving his rights, allowances, and privileges as such, an officer or employee of the Government of the United States and of the Government agency from which assigned and he shall continue to receive compensation from that agency. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 905 of the Foreign Service Act of 1980. The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of 5 U.S.C. 5536.

"ACCEPTANCE OF OFFICE UNDER ANOTHER GOVERNMENT

"SEC. 303. Any person in the employ or service of the United States while assigned for service to or in cooperation with another

government under authority of this Act may, at the discretion of his Government agency, with the concurrence of the Director of the International Communication Agency, and without additional compensation therefor, accept an office under the government to which he is assigned, if the acceptance of such an office in the opinion of his Government agency is necessary to permit the effective performance of duties for which he is assigned, including the making or approving on behalf of such foreign government the disbursement of funds provided by such government or of receiving from such foreign government funds for deposit and disbursement on behalf of such government, in carrying out programs undertaken pursuant to this Act: *Provided, however,* that such acceptance of office shall in no case involve the taking of an oath of allegiance to another government."

SEC. 3. (b) Section 701 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1476) is amended to read as follows:

"(a) Effective October 1, 1981, no money appropriated to carry out this Act shall be available for obligation or expenditure—

"(1) unless the appropriation therefor has been previously authorized by law; or

"(2) in excess of an amount previously prescribed by law.

"(b) To the extent that legislation enacted after the making of an appropriation to carry out this Act authorizes the obligation or expenditure thereof, the limitation contained in subsection (a) shall have no effect.

"(c) Appropriations to carry out this Act made available under joint resolutions making continuing appropriations for fiscal year 1982 or subsequent fiscal years are hereby authorized. The limitations contained in subsection (a) shall not apply to such appropriations.

"(d) The provisions of this section shall not apply to, or affect in any manner, permanent appropriations, trust funds, and other similar accounts administered by the International Communication Agency as authorized by law."

SEC. 3. (c) Section 804 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1474) is amended—

(1) by revising paragraph (16) to read as follows:

"(16) purchase passenger motor vehicles for use abroad, except that right-hand drive and other special requirement vehicles may be purchased without regard to any maximum price limitation established by law;"

(2) by striking out "and" at the end of paragraph (18);

(3) in paragraph (19) by striking out the period and inserting a semicolon together with the word "and";

(4) by adding at the end thereof the following new paragraph:

"(20) purchase motion picture, radio and television producers' liability insurance to cover errors and omissions or similar insurance coverage for the protection of interests in intellectual property."

SEC. 3. (d) Title VIII of the United States Information and Education Exchange Act of 1948 (22 U.S.C. 1471–1475b) is amended by adding at the end thereof the following new section:

"ACTING ASSOCIATE DIRECTORS

"SEC. 808. If an Associate Director of the International Communication Agency dies, resigns, or is sick or absent, the Associate Director's principal assistant shall perform the duties of the office until a successor is appointed or the absence or sickness stops."

SEC. 3. (e) Section 802 of the United States Information and Educational Exchange Act (22 U.S.C. 1472) is amended by inserting the letter "(a)" immediately before the words "In carrying on activities" and adding the following new subsections:

"(b) Any contract of the types authorized by subsection (a) and described in subsection (d) of this section which is funded on the basis of annual appropriations may nevertheless be made for periods not in excess of five years when—

"(1) apupropriations are available and adequate for payment for the first fiscal year and all potential cancellation costs; and

"(2) the Director of the International Communication Agency determines that—

"(A) the need of the Government for the property or service being acquired over the period of the contract is reasonably firm and continuing;

"(B) such a contract will serve the best interests of the United States by encouraging effective competition or promoting economies in performance and operation; and

"(C) such a method of contracting will not inhibit small business participation.

"(c) In the event that funds are not made available for the continuation of such a contract into a subsequent fiscal year, the contract shall be cancelled and any cancellation costs incurred shall be paid from appropriations originally available for the same purpose or any amount remaining for the performance of the contract, appropriations currently available for the acquisition of similar property or services and not otherwise obligated, or appropriations made for such cancellation payments.

"(d) The types of contracts referred to in subsection (b) shall be those for the procurement of property or services, or both, for the operation, maintenance and support of programs, facilities and installations for or related to telecommunication activities, newswire services, and the distribution of books and other publications in foreign countries."

SEC. 3. (f) Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended, is amended by adding at the end thereof the following new subsection:

"(i) Foreign currencies which were derived from conversions made pursuant to the obligation of informational media guaranties and which have been determined to be unavailable for, or in excess of, the requirements of the United States and transferred to the Secretary of the Treasury, shall be held until disposed of, and any dollar proceeds realized from such disposition shall be deposited in miscellaneous receipts. As such currencies become available for such purposes of mutual interest as may be agreed to by the governments of the United States and the country from which the currencies derive, they may be sold for dollars to agencies of the United States government."

SEC. 3. (g) Title VIII of the United States Information and Educational Exchange Act of 1948, as amended, is revised by the addition of the following section:

"SEC. 809. Cultural exchanges, international fairs and expositions, and other exhibits or demonstrations of United States economic accomplishments and cultural attainments provided for under this Act or the Mutual Educational and Cultural Exchange Act of 1961 shall not be considered "public work" as that term is defined in Section 1 of the Defense Base Act, as amended (Section 1651(b) of Title 42 of the U.S. Code)."

SEC. 4. ADDITIONAL FISCAL YEAR 1981 AUTHORIZATION.—Section 202 of the International Communication Agency Authorization Act, fiscal years 1980 and 1981 (93 Stat. 398; Public Law 96–60), is amended by:

(1) inserting the designation "(a)" before the word "There" at the beginning of the section; and

(2) adding the following new paragraph (b):

"(b) In addition to the amounts otherwise authorized to be appropriated for the Agency for the fiscal year 1981 or thereafter, such sums as may be necessary to liquidate the outstanding notes, and accrued interest thereon, assumed in the operation of the informational Media Guarantee Program pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442)."

SECTION-BY-SECTION ANALYSIS

AUTHORIZATION OF APPROPRIATIONS

Section 202

This section provides a general authorization of appropriations for the International Communication Agency (USICA) in accordance with the provisions of Section 701(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1476(a)). The proposed authorization will enable the Agency to carry out international communication, educational, cultural and exchange programs under the United States Information and Educational Exchange Act of 1948, as amended (the "Smith-Mundt Act"); the Mutual Educational and Cultural Exchange Act of 1961, as amended (the "Fulbright-Hays Act"); and Reorganization Plan No. 2 of 1977. This legislation is submitted in accordance with the provisions of Section 607 of the Congressional Budget Act of 1974 (Public Law 93–344).

CHANGES IN ADMINISTRATIVE AUTHORITIES

Section 203(a)—Assignment of specialists

This proposal enables the Director of the Agency to assign or to authorize the assignment of any employee of the United States to a foreign government at the latter's request.

At present, only U.S. citizen employees may thus be assigned under the authority of § 301 of the Smith-Mundt Act. The legislative history furnishes no reason why the assignment was restricted only to citizen employees. In particular cases, it may be that the employee with the requisite expertise is an alien, and it may achieve economies or be advantageous programmatically or psychologically to send a third-country national to give instruction. This is likely to occur under an agreement covering a radio relay station.

The amendments to §§ 302 and 303 are technical in nature and are required to bring the sections into conformity with § 301, and certain updated statutory cross references.

Section 203(b)—Authorization for continuing appropriation resolution

As Fiscal Year 1981 began, the Agency, as well as most other agencies in the United States Government, found itself in need of a continuing appropriations resolution. The Agency was fortunate in that legislation covering authorization for FY '81 appropriations up to $466 million was already enacted. Given the possibilities for a repetition of the need for continuing resolutions in future years, perhaps without enacted advance authorization, the Agency would be well served to have § 701 of the Smith-Mundt Act revised so that continuing resolutions would be excepted from the prior authorization requirement. Some agencies have such legislation in permanent form thus obviating the necessity to enact special authorizing provisions as part of continuing resolutions. Should Congress through some lapse fail in a continuing resolution to authorize the Agency to use the appropriations, it would be precluded from doing so.

USIA, USICA's predecessor, previously had such authority in § 701 of Smith-Mundt, but Congress in 1972 decided to bring State and USIA into the periodic authorization process.

This revision will not obviate USICA appearances for its authorization bills before its Congressional oversight committees but will be limited to the purpose stated above with respect to continuing resolutions.

Section 203(c)—Technical amendments

(1) Purchase of Special Requirement Vehicles

Terrorist activities abroad increase the risk of death or injury to U.S. personnel and of damage to U.S. vehicles or vehicles without security features. The Agency should have the flexibility or option to acquire whatever type of equipment is best suited to meet the threat at each particular location.

This amendment brings the Agency's authority in line with identical authority granted to the Department of State in Title I of Public Law 96-68 (93 Stat. 416). Section 204(b)(4) of Public Law 96-60 (93 Stat. 400) granted the Agency authority to purchase right-hand drive vehicles for overseas use without regard to maximum price limitation.

(2) Special Insurance Coverage

This proposal will clarify the existing authority of the Agency to comply with the demands with which many owners of films, music and other cultural or intellectual properties generally precondition their permission to use the property.

Most of the large film studies and music companies have been unwilling to grant the Agency use of film clips or recorded music unless the Agency agrees to sign their standard indemnification agreements which current federal practice prohibits because of the uncertain and unfunded potential liability. The studios are concerned about the possibility of someone involved in the production of the film filing a claim for further royalties based on the Agency's use of the film. These payments are continuing in nature in that payments accumulate with additional showings of the films. Whenever an independent contractor produces a film for the Agency, he or she signs the studio's indemnification agreement for any acquired film footage used and thus assumes the risk of future payments being demanded for such use. When the agency puts together a film product in-house, it may be unsuccessful in acquiring footage from a large number of famous films (as was the case with the recent VTR series *The American Cinema*).

Owners of music rights and other cultural or intellectual property also require an indemnity.

The Agency seeks clarification of its authority to purchase a special errors and emissions insurance policy or similar coverage to meet any potential liability. Thus, the ability of the Agency to comply with the rights holders' demands for indemnification will be undoubted. Insurance rates are typically low for coverage relating to rights in creative or intellectual property. Furthermore, the Agency intends to assure good actuarial experience by continuing its present rights clearance processes under which no type of claim of the kind to be insured against has been presented in the history of the Agency.

Section 203(d)—Acting associate directors

During the absence, disability or death of an Associate Director or during a vacancy in the Office of the Associate Director, his or her principal deputy succeeds to the duties on an acting basis in accordance with the Agency's administrative procedures. However, the validity of some actions by such acting Associate Directors could be in doubt and perhaps successfully challenged in court, particularly those actions involving the obligation of funds. The Comptroller General has called into question the validity of actions taken by officials occupying on an acting basis positions whose incumbents are Presidential nominees confirmed by the Senate, unless specific legal authority is provided for the temporary official so to act (*e.g.*, 56 Comp. Gen. 761 (1977); Decision B-150136. May 16, 1978).

This proposal will cure the deficiency by authorizing the deputy to exercise the full functions of the Associate Director. Such authority has long been granted to cabinet and military departments by the Vacancies Act (5 U.S.C. 3346), but the pertinent statute has not been extended to executive agencies.

Section 203(e)—Multiyear contracting authority

The sole purpose of the proposed amendments to § 802 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1472) is to authorize the Agency to enter into contracts for property and services on a multiyear basis where such contracts are funded by annual appropriations.

The term of any such contract could not exceed five years. If a contract was cancelled at any time after the fiscal year in which made by reason of the failure or refusal of Congress to appropriate funds for its continuation, a cancellation payment would, if necessary, be made to the contractor to reimburse him for the unrecouped portion of such items as startup costs that were to have been prorated over the originally contemplated contract period. Some examples of the sort of economies and the potential for increased competition that the Agency might expect to derive from such multiyear contracting include the following:

First, there has long been a need for an offshore facility in Greece for the more economical and expeditious unloading of the substantial quantities of petroleum products used to operate the Voice of America radio relay station at Kavala. A major supplier informed the Agency that if it had been offered a multiyear contract for these products, it would have installed the needed facility at its own expense.

Second, multiyear contracts for newswire services will probably result in less drastic annual price increases to the Agency.

Third, the tariff rates that the Agency pays for satellite broadcast transmission services will probably be lower under multiyear contracts.

Fourth, the cost to the Agency of obtaining computerized lists of books for use abroad by its numerous libraries will be substantially reduced under multiyear contracts. In addition, there is a strong likelihood of increased competition for these contracts because the high startup costs could be amortized over a much longer period of time.

Fifth, in the absence of our ability to make other than one-year contracts for the maintenance of the grounds at our relay stations, we have encountered decreasing competition and, presumably, increased costs, inasmuch as many small business enterprises are unwilling or unable to absorb in one year the relatively large capital costs of equipment needed to perform these maintenance services.

The requested amendments are broadly analogous to the provisions contained in 10 U.S.C. 2306(g), which authorize certain agencies (primarily the military departments) to enter into contracts for periods of not more than five years for specified types of services (and related supplies) to be rendered outside the forty-eight contiguous states and the District of Columbia. However, these amendments have been cast in a simpler form.

Section 203(f)—Disposition of foreign currencies derived from informational media guarantee program

It is proposed that the Secretary of the Treasury be authorized to sell the foreign currencies generated under the Informational Media Guarantee Program and now held by the Treasury in restricted accounts. As of September 30, 1979, the Treasury was holding foreign currency from Indonesia and Pakistan valued at $1,036,611 collected under the program. These funds, obtained from conversions made pursuant to the guarantees, are not available for administrative uses of the U.S. Government because of restrictions contained in the relevant bilateral agreements. Extensive but unsuccessful efforts have been made to have the agreements changed. In the event a bilateral agreement is changed in the future, the Treasury would need legislative authority to sell the currency to any U.S. Government agency. Proceeds of such sales would be deposited into miscellaneous receipts.

Section 203(g)—Defense Base Act

This proposal will exempt USICA from the necessity of paying for federal workmen's compensation insurance for our exhibits and performing arts exchanges.

The law providing compensation for disability or death to persons employed at military bases outside the United States has recently been interpreted by the courts and an administrative tribunal to apply to U.S. Government grants and to service contracts even when there is no national defense or war activities nexus.

As a result, performing art groups overseas on USICA-sponsored tours are being required to procure insurance coverage under the more liberal—and thus more expensive—Longshoremen's and Harbor Workers' Compensation Act rather than under their usual state or local workers compensation programs for which they already carry insurance. The increased cost is significant (at least $7,500 per grant regardless of size of performing group or length of tour) and decreases the funds available for cultural programming.

ADDITIONAL FISCAL YEAR 1981 AUTHORIZATION

Section 204

In addition to the technical change explained in Section 203(f) above, USICA proposes to eliminate the accrued debts in the operation of the now-dormant Informational Media Guarantee Program. The net requirement to liquidate the outstanding borrowed principal and the interest thereon, estimated $33,718,000 through September 30, 1981, will necessitate additional appropriation authority. A supplementary appropriation in the amount of $33,718,000 is being requested for fiscal year 1981. The Agency seeks authorization "for the fiscal year 1981 or thereafter" and "such sums as may be necessary" in order to cover possible delays in enactment of appropriations and variations in interest accruals over time.

This transaction will not result in any net outlay of funds from the United States Treasury.

INTERNATIONAL COMMUNICATION AGENCY,
Washington, D.C., March 25, 1981.

DEAR MR. PRESIDENT: There is transmitted herewith proposed legislation to authorize appropriations for the International Communication Agency to carry out in Fiscal Years 1982 and 1983 international communication and educational and cultural exchange programs. These activities are mandated by the United States Information and Educational Exchange Act of 1948, as amended; the Mutual Educational and Cultural Exchange Act of 1961, as amended; and Reorganization Plan No. 2 of 1977. The authorization of our appropriations is required by Section 701(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1475(a)).

The legislation also proposes to amend some of the provisions of the Agency's basic enabling authorities. An analysis explaining the proposed legislation is enclosed.

The Office of Management and Budget has informed us that there is no objection to

the presentation of this proposed legislation and that its enactment would be in accord with the program of the President.

Sincerely,

JOHN W. SHIRLEY,
Acting Director.●

By Mr. BAUCUS:

S. 850. A bill to amend the Internal Revenue Code of 1954 to provide greater protection for the rights of the taxpayers; to the Committee on Finance.

TAXPAYERS' BILL OF RIGHTS

● Mr. BAUCUS. Mr. President, the bill I am introducing today—the taxpayers' bill of rights—would put American taxpayers on a more equal footing with the Internal Revenue Service. American taxpayers are asked to comply voluntarily with the tax laws. In turn, Congress has an obligation to assure taxpayers that these laws are administered fairly and impartially, that enforcement activities are carried out evenhandedly and that help is available to resolve speedily any questions, problems or complaints they might have.

Mr. President, this legislation is a six-point plan that would define taxpayers' rights and provide protection against arbitrary, irresponsible IRS actions. Briefly, my bill would:

Emphasize the importance of IRS maintaining and improving its taxpayer service programs;

Create an independent ombudsman in the IRS to intervene on taxpayers' behalf;

Require the IRS to establish an administrative appeal procedure for disputed collection cases, similar to the procedure currently provided for disputed examinations;

Require the IRS to issue rulings within 18 months after new laws are enacted;

Eliminate the requirement that taxpayers file periodic declarations of estimated tax, and raise from $100 to $300 the amount of tax one can owe on a return before quarterly estimated tax payments are required;

Eliminate the requirement that employers send W-2 forms to persons who leave a job midyear.

TAXPAYER SERVICE

The Federal income tax system asks taxpayers to determine whether they are required to file a tax return and, if so, they must determine the amount owed. The need for assistance in preparing and filing income tax returns has increased significantly in the past two decades. For example, in 1968, 40 tax loopholes or tax expenditures were part of the Tax Code. Today, over 100 tax expenditures are part of the Tax Code. As a result, the tax return has become more complicated and difficult to understand.

During this same period, the IRS gradually increased and improved its taxpayer service programs. However, during times of budget cuts, these programs are easy targets. Increasingly, taxpayers trying to reach the IRS through its toll-free telephone system get a busy signal, or, if they go to a local IRS office, must wait for service.

The gap is growing between taxpayers' need for help and the level of help provided by IRS. My taxpayers' bill of rights recognizes this change and declares that it should be congressional policy that IRS continue to maintain and improve its taxpayer service programs.

TAXPAYER OMBUDSMAN

In 1977, the IRS established a problem resolution program (PRP) to help taxpayers with problems they were unable to resolve through normal IRS channels. The program has offices in all of IRS' districts, service centers and regional offices.

Of the problems taxpayers brought to PRP last year, about 37 percent dealt with errant refund checks. Others involved errors in computer-generated notices and incorrect social security numbers.

The IRS created the position of taxpayer ombudsman in January 1980 to centralize control of this rapidly expanding program. The present IRS ombudsman is in charge of 214 PRP people nationwide. The responsibilities of the ombudsman are twofold: To be administrator of the program and to be the principal advocate of taxpayer interests and concerns within the IRS.

I applaud the IRS' efforts to establish the taxpayer ombudsman and the problem resolution program. Unfortunately, the ombudsman has not been given sufficient latitude to act as an aggressive advocate of taxpayers' rights.

Integrated within the IRS, the taxpayer ombudsman can be effective in solving taxpayer difficulties. Immersed in the give and take of the agency, the ombudsman can cross divisional lines, cut redtape, gain information and eventually solve both individual taxpayer problems as well as their underlying causes.

In his present position inside the agency, the IRS ombudsman is under the Office of the Commissioner; in fact, he is a career IRS civil servant. But to be an effective taxpayer advocate, the ombudsman must be independent from the agency. He should have an objective, not a subjective, view of the operation.

Thus, my taxpayers' bill of rights mandates the establishment of an independent Office of Ombudsman. This ombudsman, to be appointed for a 6-year term by the President, with the consent of the Senate, would have the independence, power, and authority to intervene aggressively for American taxpayers.

APPEAL OF IRS COLLECTION CASES

The Internal Revenue Service has remarkable authority for dealing with taxpayers. This authority is most readily abused in the area of collection of taxes.

Under the present law, if a citizen does not pay his taxes, the Internal Revenue Service can attach a lien to, or seize his property—farmland, home, automobile—or levy on his wages or bank accounts. All of this can be done without any type of appeal and without a court order.

Once a Federal tax lien is filed, it becomes a matter of public record and may adversely affect the taxpayer's business transactions or other financial interests.

I am sure we all want our fellow citizens to pay the taxes they owe, if they have the ability to do so. But what if the IRS is wrong? What if the taxpayer does not owe the tax, has already paid it, or is willing and able to pay the taxes in installments? There is nothing in the law to protect these taxpayers. They have no legal right to appeal a collection decision of the IRS unless they first pay the amount in dispute and then file a claim. This is small comfort to the person who has already paid the amount demanded or knows that it is not owed. The rights of these taxpayers need to be protected.

Numerous horror stories have been reported in Montana and elsewhere, describing tales of IRS harassment and unwarranted confiscation of property. I believe IRS collection powers, without any type of appeal, and specifically its authority to seize property without a court order, are unreasonable Government authorities.

A recent investigation on IRS collection practices by the Senate Subcommittee on Oversight of Government Management revealed the following facts:

IRS violates its own formal policy by taking excessive and harsh enforcement collection actions without considering all available collection alternatives;

IRS uses seizure and levy statistics as a principal measure of collection effectiveness;

IRS group managers abuse their supervisory authority and require revenue officers to take harsh and unnecessary enforcement actions;

IRS uses enforcement statistics to impose production quotas on its collection employees.

My taxpayers' bill of rights would correct these injustices by requiring the IRS to establish an administrative appeal procedure for contested collection cases, similar to that allowed for unagreed examinations, and to obtain a court order before seizing any citizen's property for nonpayment of taxes.

REGULATION BACKLOG

To implement tax legislation passed by Congress, the Internal Revenue Service must establish specific rules. Unfortunately, the IRS is notoriously slow in formulating these rules.

The Tax Reform Act of 1976, two subsequent acts in 1978—the Revenue Act and the Energy Act—and the Windfall Tax Act all added to the IRS regulation burden by requiring additional regulations. This influx of legislation—which will undoubtedly continue this year—exacerbated by IRS' lackadasical response, has left a large void in the tax law. Taxpayers are often afforded little guidance and are forced to pay their taxes without a clear understanding of what their liabilities should be.

What is the impact of the regulation backlog? Tax attorneys say the lack of regulations may inhibit transactions with uncertain tax consequences.

Professionals who have to give tax advice based on the law say they are frustrated:

> You get into an area and suddenly discover there is no regulation. You're hamstrung.

Another attorney said:

> I'd like to be able to give some sound advice. I can certainly do a better job if I know the IRS position.

The absence of regulations undermines transactions or leads to excessive caution. One attorney commented:

The rules of our profession require that we have reasonable support for advice. It would be useful to have regulations as that support.

To ease the uncertainty, most attorneys and accountants seek IRS rulings to fill regulation gaps. Such a ruling outlines the probable IRS stance in a particular situation. However, a request for a ruling may be as hard to come by as a regulation.

Taxpayers need to be protected against unreasonable delays in IRS rulemaking. My bill provides that all regulations must be issued within 18 months, unless the law specifically provides otherwise.

REDUCTION OF REDTAPE FOR TAXPAYERS

Taxpayers are overburdened by IRS forms. To help cut down some of the paperwork, my bill would eliminate the requirement that taxpayers file declarations of estimated tax and would raise from $100 to $300 the amount of tax one could owe before estimated tax payments are required.

The first revision would eliminate hundreds of thousands of voucher forms currently filed when no payments are necessary. These forms are useless and are discarded by the IRS.

The Government Accounting Office estimates that it costs taxpayers about $35,175 in postage to file those vouchers in 1979 and cost IRS about $11,360 to receive and destroy them.

If Government officials in the future would devote as much time to eliminating reports as they have in the past to creating them, I believe as much as 50 to 70 percent of all Government paperwork could be eliminated.

Considering the reduction in cost and paperwork burden to both the taxpayers and the IRS, I believe it is necessary to remove the requirement that individual taxpayers make declarations of estimated tax.

The second revision, raising the minimum level of accumulated tax from $100 to $300 before estimated tax is required, will relieve many taxpayers with small pensions, dividends or interest from the complicated task of figuring and filing quarterly estimated tax payments.

REDUCTION OF REDTAPE FOR SMALL BUSINESSES

Small businesses are caught in a maze of IRS redtape. The taxpayers' bill of rights offers a partial solution to this problem by eliminating duplicative W-2 forms.

Current law requires that a W-2 form be issued to a worker who leaves his job during the year. To alleviate some of the paperwork burden of small businesses, my bill proposes that all W-2's be issued once, at the end of the year, for all employees. Those who need to obtain forms earlier could do so by request.

CONCLUSION

The complexity of the Tax Code and the arbitrary administration of the tax laws have undermined much of the faith taxpayers have in Government.

The procedures outlined in the taxpayers' bill of rights require added services at some cost to the IRS. However, these provisions would help restore the taxpayers' faith in the equitable administration of the tax laws by insuring that taxpayers and the Internal Revenue Service are aware of their respective obligations.

In this regard, my bill would reduce long-run costs of the IRS by increasing taxpayers' confidence in the equity and efficiency of IRS operations and thereby increasing voluntary compliance with the tax laws.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

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

S. 850

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Taxpayers' Bill of Rights Act".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds and declares that—

(1) the very success of our system of taxation depends upon the willingness of taxpayers to accurately assess themselves and voluntarily pay their taxes,

(2) it is in the national interest to encourage all Americans to voluntarily comply with the tax laws of our Nation, and

(3) the Internal Revenue Service can encourage voluntary compliance by improving the assistance the Internal Revenue Service provides to taxpayers in answering tax questions, helping taxpayers complete tax returns, and explaining notices and bills.

(b) PURPOSE.—The purpose of this Act is to protect the rights of American taxpayers. Basic to such rights must be the ability to receive the assistance needed to deal with our tax laws which have become increasingly complex and difficult to understand.

SEC. 3. ESTABLISHMENT OF AN OFFICE OF OMBUDSMAN.

(a) ESTABLISHMENT OF OFFICE.—Section 7802 (relating to Commissioner of Internal Revenue) is amended by adding at the end thereof the following new subsection:

"(c) OFFICE OF OMBUDSMAN.—

"(1) IN GENERAL.—There is established within the Internal Revenue Service an office to be known as the Office of Ombudsman to be under the supervision and direction of the Ombudsman. The Ombudsman shall be appointed by the President, by and with the advice and consent of the Senate, for a six year term of office. The Ombudsman may employ such personnel as he deems necessary to carry out the functions of the Office of Ombudsman.

"(2) DUTIES OF THE OMBUDSMAN.—The Ombudsman shall be an advocate of the rights of taxpayers and shall be responsible for—

"(A) establishing procedures to review and evaluate complaints of taxpayers regarding improper, abusive, or inefficient service by employees of the Internal Revenue Service and, with due regard to the rights of both the taxpayer and such employees and under regulations prescribed by the Secretary, taking action to correct such service;

"(B) surveying taxpayers to obtain their evaluation of the quality of the service provided by the Internal Revenue Service and the Office of the Ombudsman;

"(C) compiling data on the number and type of taxpayer complaints in each internal revenue district and service center and evaluating the actions taken to resolve such complaints;

"(D) issuing Stop Action Orders under section 7811;

"(E) providing a forum for taxpayers to communicate their problems in dealing with the tax forms, publications, complex regulations and internal procedures of the Internal Revenue Service; and

"(F) carrying out such other functions which relate to assisting taxpayers as the Ombudsman may deem appropriate.

"(3) REPORT.—The Ombudsman shall submit an annual report on the activities of the Office of Ombudsman (including any recommended legislation) to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation.".

(b) COMPENSATION FOR OMBUDSMAN.—Section 5316 of title 5, United States Code (relating to positions at level V), is amended by adding at the end thereof the following new item: "Ombudsman, Department of the Treasury.".

(c) STOP ACTION ORDERS.—Subchapter A of chapter 80 (relating to general rules for application of the internal revenue laws) is amended by adding at the end thereof the following new section:

"SEC. 7811. STOP ACTION ORDERS.

"(a) AUTHORITY TO ISSUE.—Upon application filed by a taxpayer with the Office of Ombudsman (in such form, manner, and at such time as the Secretary shall by regulations prescribe), the Ombudsman may issue a Stop Action Order if, in the determination of the Ombudsman, the taxpayer is suffering or about to suffer from an unusual unnecessary, or irreparable loss as a result of the manner in which the internal revenue laws are being administered by the Secretary.

"(b) EFFECT OF ORDER.—During the period (not to exceed 60 days) specified in any Stop Action Order issued under subsection (a), the Secretary may not take any action adverse to such taxpayer under—

"(1) chapter 64 (relating to collection),

"(2) subchapter B of chapter 70 (relating to bankruptcy and receiverships),

"(3) chapter 78 (relating to discovery of liability and enforcement of title), or

"(4) any other provision of law which is specifically described by the Ombudsman in such order,

unless the Secretary has made a finding that the collection of a tax would be jeopardized by delay.".

(d) CONFORMING AMENDMENTS.—

(1) The heading for section 7802 is amended by inserting "; OMBUDSMAN" after "ORGANIZATIONS".

(2) The table of sections for subchapter A of chapter 80 is amended by inserting "; Ombudsman" after "Organizations)" in the item relating to section 7802.

(3) The table of sections for subchapter A of chapter 80 is amended by adding at the end thereof the following new item:

"Sec. 7811. Stop Action Orders.".

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 90th day after the date of the enactment of this Act.

SEC. 4. ADMINISTRATIVE APPEAL OF LIENS.

(a) ESTABLISHMENT OF ADMINISTRATIVE APPEAL FOR DISPUTED LIENS.—Subchapter C of chapter 64 (relating to lien for taxes) is amended by redesignating section 6326 as section 6327 and inserting after section 6325 the following new section:

"SEC. 6326. ADMINISTRATIVE APPEAL OF LIENS.

"Any person shall be allowed to appeal to the Secretary, in such form and at such time as the Secretary shall prescribe by regulations, the imposition of a lien under this subchapter on the property or the rights to property of such person.".

(b) REGULATIONS.—The Secretary shall prescribe the regulations necessary to implement the administrative appeal provided for in the amendment made by subsection (a) within 180 days after the date of enactment of this Act.

(c) CONFORMING AMENDMENT.—The table of sections for subchapter C of chapter 64 is amended by striking out the item relating to section 6326 and inserting in lieu thereof the following:

"Sec. 6326. Administrative appeal of liens.
"Sec. 6327. Cross references.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to any lien imposed on or after 180 days after the date of enactment of this Act.

SEC. 5. PREVENTION OF UNWARRANTED SEIZURE OF TAXPAYER PROPERTY.

(a) GENERAL RULE.—Section 6331 (relating to levy and distraint) is amended by redesignating subsection (e) as subsection (g) and by inserting after subsection (d) the following new subsections:

"(e) COURT ORDER REQUIRED FOR COLLECTIONS NOT IN JEOPARDY.—

"(1) IN GENERAL.—Levy may be made under subsection (a) with respect to any unpaid tax only after the Secretary is authorized by court order to make such levy.

"(2) AUTHORITY TO ISSUE ORDER.—On request of the Secretary, the court order required under paragraph (1) may be issued by any Federal judge or any judge of a State court of record within the district wherein the property (or right to property) to be levied upon is located.

"(3) STANDARD FOR ISSUING ORDER.—A judge may issue an order under paragraph (2) only if—

"(A) the owner of the property to be levied upon has exhausted all administrative appeals under subsection (f) or section 6326, or the time for making such appeals has expired,

"(B) the Secretary, by affidavit sworn to before such judge, establishes that the requirements of this section (other than this subsection) have been met, and

"(C) the judge determines that there is reasonable cause to believe that such requirements have been met.

"(4) JEOPARDY.—Paragraph (1) shall not apply to a levy if the Secretary has made a finding under the last sentence of subsection (a) that the collection of tax is in jeopardy.

"(5) STATE.—For purposes of this subsection, the term 'State' includes any possession of the United States.

"(f) ADMINISTRATIVE APPEAL.—Any person shall be allowed to appeal to the Secretary, in such form and at such time as the Secretary shall prescribe by regulations, the decision of the Secretary to levy upon the property or the right to property of such person made under subsection (a).".

(b) REGULATIONS.—The Secretary shall prescribe the regulations necessary to implement the administrative appeal provided for in the amendment made by subsection (a) within 180 days after the date of enactment of this Act.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to any levy issued on and after 180 days after the date of the enactment of this Act.

SEC. 6. ELIMINATION OF DELAYS IN RULEMAKING.

(a) GENERAL RULE.—Section 7805 (relating to rules and regulations) is amended by adding at the end thereof the following new subsection:

"(d) TIME FOR PRESCRIBING REGULATIONS.—

"(1) IN GENERAL.—Unless otherwise provided by law, all of the initial final regulations necessary to be promulgated for the purpose of implementing the addition of any provision to, or the amendment of any provision of, this title shall be promulgated within 18 months after the date of the enactment of such addition or amendment.

"(2) FAILURE TO PROMULGATE REGULATIONS WITHIN TIME PRESCRIBED.—

"(A) PROSPECTIVE EFFECTIVE DATE.—If the Secretary fails to prescribe regulations within the period provided for in paragraph (1), the effective date of such regulations shall not be earlier than the date on which they are published in the Federal Register.

"(B) REASONABLE POSITION.—If the Secretary fails to promulgate regulations within the time prescribed by paragraph (1), any reasonable position with respect to an issue for which the regulations have not been promulgated which is advanced by the taxpayer shall apply to such taxpayer with respect to such issue, notwithstanding any regulations subsequently promulgated by the Secretary.

"(C) BURDEN OF PROOF.—In any legal proceeding with respect to issues described in subparagraph (B), the taxpayer shall have the burden of proof in showing that his position is reasonable. With respect to such issues, the position of the Secretary shall not be given any greater weight than that of the taxpayer.

"(D) APPLICATION OF PARAGRAPH.—This paragraph shall only apply to issues arising with respect to the taxpayer after the time provided in paragraph (1) and on or before the date the regulations are published in the Federal Register, but shall not apply to reoccurrences of such issues with respect to such taxpayer after the date on which the regulations are so published.".

(b) EFFECTIVE DATES.—

(1) GENERAL RULE.—Except as provided in paragraph (2), the amendments made by this section shall apply to regulations relating to amendments or additions to the Internal Revenue Code of 1954 enacted after December 29, 1969.

(2) RETROACTIVE APPLICATION.—In the case of amendments or additions made to the Internal Revenue Code of 1954 which were enacted after December 29, 1969, and before the date 6 months from the date of the enactment of this Act, the provisions of section 7805(d)(1) of the Internal Revenue Code of 1954 shall be applied by substituting "within 36 months from the date of the enactment of the Taxpayers' Bill or Rights Act" for "within 18 months of the date of the enactment of such addition or amendment".

SEC. 7. REDUCTION OF REDTAPE FOR INDIVIDUAL TAXPAYERS.

(a) REPEAL OF REQUIREMENT OF DECLARATION.—Section 6015 (relating to declarations of estimated income tax by individuals) and section 6073 (relating to time for filing declarations of estimated income tax by individuals) are repealed.

(b) INSTALLMENT PAYMENTS OF ESTIMATED INCOME TAX BY INDIVIDUALS.—Section 6153 (relating to installment payments of estimated income tax by individuals) is amended to read as follows:

"SEC. 6153. INSTALLMENT PAYMENTS OF ESTIMATED INCOME TAX BY INDIVIDUALS.

"(a) INDIVIDUALS REQUIRED TO PAY ESTIMATED INCOME TAX.—Except as otherwise provided by this section, every individual subject to taxation under section 1 shall make payments of his estimated tax (as defined in subsection (c) during the taxable year as provided in subsection (b)) if—

"(1) the gross income for the taxable year can reasonably be expected to exceed—

"(A) $20,000 in the case of—

"(i) a single individual, including a head of household (as defined in section 2(b)) or a surviving spouse (as defined in section 2 (a)); or

"(ii) a married individual entitled under subsection (e) to make joint payments with his spouse, but only if his spouse has not received wages (as defined in section 3401(a)) for the taxable year;

"(B) $10,000 in the case of a married individual entitled under subsection (e) to make joint payments with his spouse, but only if both he and his spouse have received wages (as defined in section 3401(a)) for the taxable year; or

"(C) $5,000 in the case of a married individual not entitled under subsection (e) to make joint payments with his spouse; or

"(2) the gross income can reasonably be expected to include more than $500 from sources other than wages (as defined in section 3401(a)).

Notwithstanding the provisions of this subsection, no payments are required if the estimated tax (as defined in subsection (c)) can reasonably be expected to be less than $300.

"(b) PAYMENT IN INSTALLMENTS.—Any individual required under subsection (a) to make payments of estimated tax (as defined in subsection (c)), shall make such payments in installments as follows:

	The following percentages of the estimated tax shall be paid on the 15th day of the—			
"If the requirements of subsection (a) are met—	1st mo	6th mo	9th mo	1st mo of succeeding taxable year
Before the 1st day of the 4th mo of the taxable year	25	25	25	25
After the last day of the 3d mo and before the 1st day of the 6th mo of the taxable year		33⅓	33⅓	33⅓
After the last day of the 5th mo and before the 1st day of the 9th mo of the taxable year			50	50
After the last day of the 8th mo and before the 1st day of the 12th mo of the taxable year				100

"(c) ESTIMATED TAX DEFINED.—For purposes of this title, in the case of an individual, the term 'estimated tax' means—

"(1) the amount which the individual estimates as the amount of the income tax imposed by chapter 1 for the taxable year (other than the tax imposed by section 55 or 56), plus

"(2) the amount which the individual estimates as the amount of the self-employment tax imposed by chapter 2 for the taxable year, minus.

"(3) the amount which the individual estimates as the sum of any credits against tax provided by part IV of subchapter A of chapter 1.

"(d) RECOMPUTATION OF ESTIMATED TAX.—If, after paying any installment of estimated tax, the taxpayer makes a new estimate, the amount of each remaining installment (if any) shall be the amount which would have been payable if the new estimate has been made when the first estimate for the taxable year was made, increased or decreased (as the case may be) by the amount computed by dividing—

"(1) the difference between—

"(A) the amount of estimated tax required to be paid before the date on which the new estimate is made, and

"(B) the amount of estimated tax which would have been required to be paid before

such date if the new estimate had been made when the first estimate was made, by

"(2) the number of installments remaining to be paid on or after the date on which the new estimate is made.

"(e) JOINT PAYMENTS BY HUSBAND AND WIFE.—In the case of a husband and wife, payments under this section may be made by them jointly, in which case the liability with respect to the estimated tax shall be joint and several. No joint payment may be made if either the husband or the wife is a nonresident alien, if they are separated under a decree of divorce or of separate maintenance, or if they have different taxable years. If joint payments are made but a joint return is not made for the taxable year, the estimated tax for such year may be treated as the estimated tax of either the husband or the wife, or may be divided between them.

"(f) FARMERS OR FISHERMEN.—Payments of estimated tax required by this section from any individual—

"(1) whose estimated gross income from farming or fishing (including oyster farming) for the taxable year is at least two-thirds of his total estimated gross income from all sources for the taxable year, or

"(2) whose gross income from farming or fishing (including oyster farming) shown on his return for the preceding taxable year is at least two-thirds of the total gross income from all sources shown on such return,

may in lieu of the time prescribed in subsection (b) file a return, for the taxable year for which the estimated tax is payable, and make full payment of the estimated tax on or before March 1 of the succeeding taxable year.

"(g) INSTALLMENTS PAID IN ADVANCE.—Any installment payment of estimated tax required by this section may be made prior to the date prescribed for its payment.

"(h) SHORT TAXABLE YEARS.—The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the Secretary.

"(i) ESTATES AND TRUSTS.—The provisions of this section shall not apply to an estate or trust.

"(j) NONRESIDENT ALIEN INDIVIDUALS.—No payments shall be required to be made under this section by a nonresident alien individual unless—

"(1) withholding under chapter 24 is made applicable to the wages, as defined in section 3401(a), of such individual,

"(2) such individual has income (other than compensation for personal services subject to deduction and withholding under section 1441) which is effectively connected with the conduct of a trade or business within the United States, or

"(3) such individual is a resident of Puerto Rico during the entire taxable year.".

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (6) of section 871(g) (relating to tax on nonresident alien individuals) is amended to read as follows:

"(6) For the requirement that certain nonresident alien individuals pay an estimated income tax, see section 6153(j).".

(2) Paragraph (3) of section 1403(b) (relating to miscellaneous provisions) is amended to read as follows:

"(3) For provisions relating to estimated income tax on self-employment income, see section 6153.".

(3) Paragraph (2) of section 6012(b) (relating to persons required to make returns of income) is amended by striking out "or section 6015(a)".

(4) Paragraph (1) of section 6020(b) (relating to returns prepared for or executed by the Secretary) is amended by striking out "(other than a declaration of estimated tax required under section 6015".

(5) Subsection (d) of section 6651 (relating to failure to file tax return or to pay tax) is amended by striking out "to file a declaration of estimated tax required by section 6015 or".

(6) Section 6654 (relating to failure by individuals to pay estimated income tax) is amended by striking out "section 6073(b)" each place it appears and inserting in lieu thereof "section 6153(f)".

(7) Section 7203 (relating to willful failure to file return, supply information, or pay tax) is amended by striking out "(other than a return required under authority of section 6015)".

(8) Subsection (a) of section 7216 (relating to disclosure or use of information by preparers of returns) is amended to read as follows:

"(a) GENERAL RULE.—Any person who is engaged in the business of preparing or providing services in connection with the preparation of returns of tax imposed by chapter 1 or any person who for compensation prepares any such return for any other person, and who—

"(1) discloses any information furnished to him for, or in connection with, the preparation of any such return, or

"(2) uses any such information for any purpose other than to prepare, or assist in preparing, any such return, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than $1,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution.".

(9) Subparagraph (A) of section 7701(a)(34) (relating to the definition of estimated income tax) is amended by striking out "section 6015(c)" and inserting in lieu thereof "section 6153(c)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of enactment of this Act.

SEC. 8. REDUCTION OF REDTAPE FOR SMALL BUSINESS.

(a) GENERAL RULE.—Subsection (a) of section 6051 (relating to receipts for employees) is amended—

(1) by striking out "on the day on which the last payment of remuneration is made" and inserting in lieu thereof "within 30 days after receipt of a written request from the employee if earlier"; and

(2) by adding at the end thereof the following new sentence: "In the case of an employee whose employment is terminated before the close of a calendar year, the employer shall furnish the employee, on the day on which the last payment is made, a general written notice stating that (A) the employee may request in writing that such information be provided within 30 days of such request if earlier than January 31, (B) an amount of Federal taxes has been withheld, and (C) if the employee is entitled to a refund, he must file a Federal income tax return based on information which, unless a request is made by the employee, will be sent to the employee at his last known address before January 31 of the next calendar year.".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect 30 days after the date of enactment of this Act.●

By Mr. MOYNIHAN:

S. 851. A bill to amend the Internal Revenue Code to increase the amount that an artist may deduct when he contributes an artistic composition to charity; to the Committee on Finance.

S. 852. A bill to amend the Internal Revenue Code to provide a tax credit for certain contributions of literary, musical, or artistic compositions; to the Committee on Finance.

LEGISLATION RELATING TO DONATION OF CERTAIN ARTISTIC COMPOSITIONS

● Mr. MOYNIHAN. Mr. President, I am introducing two bills that would put right one of the most unfair and unwise provisions of Federal tax law.

Today, when an art collector donates a painting to a museum, he may deduct the market value of the painting from his taxes. But when an artist donates a painting, he may deduct only the cost of the paints and canvas. The same rule applies to the composer who donates a score, and to the writer who donates a manuscript, poem, or other composition, except in their cases a deduction may be taken only for the pen, ink, and paper. This has been the law since 1969.

It is unfair because the artist has given the museum greater value than he is given credit for.

It is unwise because it has left artists with little incentive to place their works in public collections. Daniel Boorstin, the Librarian of Congress, testified before the Finance Committee recently that the Library used to receive 200,000 original manuscripts from writers each year during the 1960's. But since 1969, it has been given only one major gift of self-created material from a living author.

Mr. Boorstin said:

> The consequences of the reduced level of acquisitions will have a disastrous effect on scholarship, on the study and appreciation of American civilization.

Authors are now selling their works on the open market, dispersing them among numerous private collectors:

> Thus, the material ceases to be available for research in public institutions. Even more alarming, these materials are usually stored where they suffer rapid deterioration and are subject to risks of fire, flood and theft. They are lost forever.

One thing Congress can do would be to let artists deduct the market value of their gifts. It is a simple answer, but it is not a very good one. The trouble is that that was the law before 1969. And we amended the law for good reason: It was abused. Donald Lubick, Assistant Treasury Secretary in the Carter administration, discussed this problem in Senate testimony 2 years ago:

> Prior to the Tax Reform Act of 1969, a taxpayer, including an artist, who contributed appreciated property to charity was entitled to a charitable contribution deduction based on fair market value even though the appreciation was never subject to tax. In many cases, this enabled an individual to obtain a benefit through a charitable contribution that would exceed the after-tax proceeds from a sale.

According to Lubick, artists who were in high tax brackets were better off giving away their works than selling them:

> For example, assume an individual in a marginal tax bracket of 70 percent owns property worth $100 that has a negligible cost. If the property were sold, the individual would owe $70 in tax and would retain $30. If the property were given to charity, the charitable deduction would reduce the donor's taxes by $70.

The artist earned $70 if he gave away the painting, and only $30 if he sold it.

That wasn't the only problem. There were others, and a catalog of them can be found in Bittker & Stone, "Federal Income, Estate and Gift Taxation" at pages 197–198. The point is that we cannot just restore pre-1969 law.

Then what is the answer? Let me phrase the question a little differently: What is the correct principle?

I suggest two. The first is that we should allow the artist a tax deduction, but only for what his donation costs him. When an artist in the 70-percent tax bracket donates a painting to a museum, he forfeits the chance to earn 30 percent of the market value. That is all he would be able to keep after taxes if he were to sell the painting, instead. His deduction should be 30 percent.

The cost to each artist is a function of his tax bracket. It is one minus the marginal rate. My bill has tables in it. An artist would simply look at the tables to determine his applicable percentage.

In the alternative. I suggest a second principle. That is that the tax system should be neutral. Taxes should not be a factor when an artist decides what to do with a painting. Unfortunately, under present law, he has an incentive to sell it.

Mr. President. I ask unanimous consent that a table be printed at this point in the RECORD.

There being no objection, the table was ordered printed in the RECORD, as follows:

	Artist in the 70-percent tax bracket			
	Before-tax income	Deduction	Tax	After-tax income
Painting given to charity	$200	0	$140	$60
Painting sold	300	0	210	90
Painting given to charity, but deduction claimed for 30 percent of market value	200	$30	119	81

Mr. MOYNIHAN. Mr. President, the table shows an artist in the 70-percent tax bracket. He has $200 of income and a painting worth $100. Under present law, if he gives the painting to charity, he gets no tax deduction and his aftertax income that year is $60. But if he sells the painting, his aftertax income is $90.

If we want the tax system to be neutral, then we must make the artist's aftertax income the same in both cases. The way to do it is to give him a $30 tax credit when he gives the painting away.

Again, the amount of credit would vary according to each artist's tax bracket. Again, an artist would simply look at a table to determine his "applicable percentage."

My bill places restrictions on the credit. It could only be used to reduce taxes on income from work that the artist sells.

And an artist could not claim more than $2,500 or an amount equal to half his tax liability—whichever is greater—in credit in any one year. Extra credits would be carried over and used in the future. The carryover period is 5 years.

Both bills apply to contributions of "literary, musical, or artistic compositions" to section 501(c)(3) organizations or to Government agencies. However, the artist must obtain a statement in writing from the donee that says that the artwork has artistic significance and that it will be used by the donee in connection with its exempt function. For example, a university could use a sculpture given to it for teaching, but not for decorating the chancellor's office.

Neither bill would change the rules for politicians who make gifts of their official papers. Politicians do not get tax deductions now and they would not in the future.

Both bills have the same effective date: January 1, 1982.

I am offering two bills because I think the two principles I am suggesting are reasonable. They lead to different results; I find it hard to choose between them. Either bill would be an improvement over existing law.

I ask unanimous consent, Mr. President, that the texts of my bills be printed in the RECORD.

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

S. 851

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 "Pen and Ink Act of 1981".

SEC. 2. DEDUCTIONS FOR CONTRIBUTING CERTAIN LITERARY, MUSICAL OR ARTISTIC COMPOSITIONS.

Section 170(e) of the Internal Revenue Code (relating to certain contributions of ordinary income and capital gains property) is amended by adding at the end thereof the following new paragraph—

"(4) SPECIAL RULE FOR CERTAIN CONTRIBUTIONS OF LITERARY, MUSICAL OR ARTISTIC COMPOSITIONS.—

"(A) QUALIFIED CONTRIBUTIONS.—For an individual who contributes a literary, musical or artistic composition created by his own efforts to an organization described in section 501(c)(3) (that is exempt from tax under section 501(a)) or to a governmental unit described in section 170(c)(1), the amount of charitable contribution taken into account under this section shall be a percentage of the fair market value of such composition determined according to the applicable table.

"(B) APPLICABLE TABLES.—For purposes of subparagraph (A), the applicable table for—

"(i) married individuals and surviving spouses described in section 1(a) is table 1,

"(ii) heads of households described in section 1(b) is table 2,

"(iii) unmarried individuals described in section 1(c) is table 3, and

"(iv) married individuals described in section 1(d) is table 4.

"TABLE 1

"If the adjusted gross income is:	The percentage is:
Over $0 but not over $7,500	86
Over $7,500 but not over $9,600	84
Over $9,600 but not over $13,900	82
Over $13,900 but not over $18,000	79
Over $18,000 but not over $22,200	76
Over $22,200 but not over $26,600	72
Over $26,600 but not over $31,900	68
Over $31,900 but not over $37,200	63
Over $37,200 but not over $47,800	57
Over $47,800 but not over $62,000	51
Over $62,000 but not over $87,600	46
Over $87,600 but not over $111,400	41
Over $111,400 but not over $164,400	36
Over $164,400 but not over $217,400	32
Over $217,400	30

"TABLE 2

"If the adjusted gross income is:	The percentage is:
Over $0 but not over $6,400	86
Over $6,400 but not over $8,500	84
Over $8,500 but not over $10,700	82
Over $10,700 but not over $13,800	78
Over $13,800 but not over $17,000	76
Over $17,000 but not over $20,200	74
Over $20,200 but not over $25,500	69
Over $25,500 but not over $30,800	64
Over $30,800 but not over $36,100	58
Over $36,100 but not over $46,700	54
Over $46,700 but not over $62,600	46
Over $62,600 but not over $83,800	41
Over $83,800 but not over $110,300	37
Over $110,300 but not over $163,300	32
Over $163,300	30

"TABLE 3

"If the adjusted gross income is:	The percentage is:
Over $0 but not over $4,400	86
Over $4,400 but not over $5,400	84
Over $5,400 but not over $7,500	82
Over $7,500 but not over $9,500	81
Over $9,500 but not over $11,800	79
Over $11,800 but not over $13,900	76
Over $13,900 but not over $16,000	74
Over $16,000 but not over $19,200	70
Over $19,200 but not over $24,500	66
Over $24,500 but not over $29,800	61
Over $29,800 but not over $35,100	56
Over $35,100 but not over $42,500	51
Over $42,500 but not over $56,300	45
Over $56,300 but not over $82,800	37
Over $82,800 but not over $109,300	32
Over $109,300	30

"TABLE 4

"If the adjusted gross income is:	The percentage is:
Over $0 but not over $3,750	86
Over $3,750 but not over $4,800	84
Over $4,800 but not over $6,950	82
Over $6,950 but not over $9,000	79
Over $9,000 but not over $11,100	76
Over $11,100 but not over $13,300	72
Over $13,300 but not over $15,950	68
Over $15,950 but not over $18,600	63
Over $18,600 but not over $23,900	57
Over $23,900 but not over $31,000	51
Over $31,000 but not over $43,800	46
Over $43,800 but not over $55,700	41
Over $55,700 but not over $82,200	36
Over $82,200 but not over $108,700	32
Over $108,700	30

"(C) CERTIFICATION REQUIRED.—This paragraph shall not apply unless the individual receives from the donee a written statement that the donated composition represents material of artistic, musical or literary significance and that the use of such composition by the donee will be related to the purpose or function constituting the basis for its exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described in section 170(c)(2)(B)).

"(D) CERTAIN LETTERS, MEMORANDA, OR SIMILAR PROPERTY PREPARED BY GOVERNMENT OFFICIALS.—This paragraph shall not apply to a contribution by an individual of a letter, memorandum, or similar property that was written, prepared, or produced by or for the individual while he held an office under the Government of the United States or of any State or political subdivision thereof if the writing, preparation, or production of such property was related to the performaince of the duties of such office.".

SEC. 3. EFFECTIVE DATE.

The amendment made by this Act shall apply to taxable years beginning after December 31, 1981.

S. 852

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 "Pen and Ink Act of 1981".

SEC. 2. CREDIT FOR CONTRIBUTING CERTAIN LITERARY, MUSICAL OF ARTISTIC COMPOSITIONS.

Subpart A of part IV of subchapter A of Chapter 1 of the Internal Revenue Code (relating to credits allowable) is amended by inserting before section 45 the following new section—

"SEC. 44F. CREDIT FOR CONTRIBUTING CERTAIN LITERARY, MUSICAL OR ARTISTIC COMPOSITIONS.

"(a) GENERAL RULE.—In the case of an individual who contributes a literary, musical or artistic composition created by his own efforts to an organization described in section 501(c)(3) (that is exempt from tax under section 501(a)) or to a governmental unit described in section 170(c)(1), there shall be allowed a credit against the tax imposed by this chapter. The credit shall be a percentage of the fair market value of such composition determined according to the applicable table.

"(b) APPLICABLE TABLES.—For purposes of subsection (a), the applicable table for—

"(1) married individuals and surviving spouses described in section 1(a) is table 1,

"(2) heads of households described in section 1(b) is table 2,

"(3) unmarried individuals described in section 1(c) is table 3, and

"(4) married individuals described in section 1(d) is table 4.

"TABLE 1

"If the adjusted income is:	The percentage is:
Over $0 but not over $7,500	86
Over $7,500 but not over $9,600	84
Over $9,600 but not over $13,900	82
Over $13,900 but not over $18,000	79
Over $18,000 but not over $22,000	76
Over $22,200 but not over $26,600	72
Over $26 600 but not over $31,900	68
Over $31,900 but not over $37,200	63
Over $37,200 but not over $47,800	57
Over $47,800 but not over $62,000	51
Over $62,000 but not over $87,600	46
Over $87,600 but not over $111,400	41
Over $111,400 but not over $164,400	36
Over $164,400 but not over $217,400	32
Over $217,400	30

"TABLE 2

"If the adjusted gross income is:	The percentage is:
Over $0 but not over $6,400	86
Over $6,400 but not over $8,500	84
Over $8,500 but not over $10,700	82
Over $10,700 but not over $13,800	78
Over $13,800 but not over $17,000	76
Over $17,000 but not over $20,200	74
Over $20,200 but not over $25,500	69
Over $25,500 but not over $30,800	64
Over $30,800 but not over $36,100	58
Over $36,100 but not over $46,700	54
Over $46,700 but not over $62,600	46
Over $62,600 but not over $83,800	41
Over $83,800 but not over $110,300	37
Over $110,300 but not over $163,300	32
Over $163,300	30

"TABLE 3

"If the adjusted gross income is:	The percentage is:
Over $0 but not over $4,400	86
Over $4,400 but not over $5,400	84
Over 5,400 but not over $7,500	82
Over $7,500 but not over $9,500	81
Over $9,500 but not over $11,800	79
Over $11,800 but not over $13,900	76
Over $13,900 but not over $16,000	74
Over $16,000 but not over $19,200	70
Over $19,200 but not over $24,500	66
Over $24,500 but not over $29,800	61
Over $29,800 but not over $35,100	56
Over $35,100 but not over $42,500	51
Over $42,500 but not over $56,300	45
Over $56,300 but not over $82,800	37
Over $82,800 but not over $109,300	32
Over $109,300	30

"TABLE 4

"If the adjusted gross income is:	The percentage is:
Over $0 but not over $3,750	86
Over $3,750 but not over $4,800	84
Over $4,800 but not over $6,950	82
Over $6,950 but not over $9,000	79
Over $9,000 but not over $11,100	76
Over $11,100 but not over $13,300	72
Over $13,300 but not over $15,950	68
Over $15,950 but not over $18,600	63
Over $18,600 but not over $23,900	57
Over $23,900 but not over $31,000	51
Over $31,000 but not over $43,800	46
Over $43,800 but not over $55,700	41
Over $55,700 but not over $82,200	36
Over $82,200 but not over $108,700	32
Over $108,700	30

"(c) LIMITATIONS.

"(1) CREDIT MAY BE USED ONLY TO REDUCE TAX ON ARTS INCOME.—The amount of credit allowed under subsection (a) for the taxable year shall not exceed the amount of tax on the taxpayer's income from sales of literary, musical or artistic compositions.

"(2) MAXIMUM CREDIT.—The amount of credit allowed under subsection (a) for the taxable year shall not exceed the greater of—

"(A) $2,500 or

"(B) half of the taxpayer's liability for tax under this chapter for the taxable year.

"(d) FIVE-YEAR CARRYOVER OF EXCESS CREDITS.—If the amount of credit allowed by subsection (a) for any taxable year exceeds the limits imposed by subsection (c), then the excess shall be added to the amount allowed as a credit in the next five succeeding taxable years to the extent that it may be used in those years.

"(e) CERTIFICATION REQUIRED.—This section shall not apply unless the individual receives from the donee a written statement that the donated composition represents material of artistic, musical or literary significance and that the use of such composition by the donee will be related to the purpose or function constituting the basis for its exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described in section 170(c)(2)(B)).

"(f) CERTAIN LETTERS, MEMORANDA OR SIMILAR PROPERTY BY GOVERNMENT OFFICIALS.—This section shall not apply to a contribution by an individual of a letter, memorandum, or similar property that was written, prepared, or produced by or for the individual while he held office under the government of the United States or of any State or political subdivision thereof if the writing, preparation, or production of such property was related to the performance of the duties of such office.".

SEC. 3. CONFORMING AND TECHNICAL AMENDMENTS.

(a) Section 170(e) of the Internal Revenue Code (relating to certain contributions of ordinary income and capital gains property) is amended by inserting at the end thereof the following—

"(4) DENIAL OF DEDUCTION FOR CERTAIN CONTRIBUTIONS OF LITERARY, MUSICAL OR ARTISTIC COMPOSITIONS.—No deduction shall be allowed under this section for any contribution for which a credit is claimed under section 44F.".

(b) The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Code is amended by inserting immediately before the item relating to section 45 the following—

"(6) section 44F (relating to credit for contributing certain literary, musical or artistic compositions,"

(c) Section 42(b) of the Code (relating to the general tax credit) is amended by striking out "and" at the end of paragraph (4), by inserting "and" at the end of paragraph (5), and by inserting after paragraph (5) the following new paragraph—

"(6) section 44F (relating to credit for contributing certain literary, musical of artistic compositions),"

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 1981.●

By Mr. MOYNIHAN:

S. 853. A bill to amend the Social Security Act to provide that the Federal Government will gradually take over the local share of AFDC and medicaid costs if States meet certain minimum AFDC benefit requirements, and for other purposes; to the Committee on Finance.

WELFARE AND MEDICAID FISCAL ASSISTANCE PROGRAM ACT OF 1981

● Mr. MOYNIHAN. Mr. President, when the National Governors' Association announced its support for President Reagan's budget and legislative agenda, it stressed one important exception to its approval:

The Federal Government, as the Governors have long maintained, should move toward primary responsibility for welfare and medicaid. . . .

The Governors are not alone in their belief that welfare and medicaid are properly the province of the Federal Government: The Democratic Party has maintained this for more than 10 years. As a member of the 1980 Democratic Party Platform Committee, I proposed that our party pledge itself again to carry out this commitment. The 1980 platform states, inter alia:

The nation's welfare system continues to be inequitable and archaic . . . States and cities which make an honest effort to meet the welfare crisis find themselves in deepening fiscal difficulty. . . . The fiscal crisis of welfare recipients has also deepened . . . The fiscal crisis for taxpayers continues. . . . We are at a crossroad in the delivery of welfare. Serious reform is necesasry. . . .

This commitment has not yet been kept. But that does not reflect upon the significance of the problem underlying the need for Federal assumption of welfare costs. For the problem grows larger, ineluctably larger, each day.

The States bear an ever-heavier burden in paying their share of welfare costs, particularly of aid to families with dependent children (AFDC) and medicaid. The National Journal of January 10, 1981, quotes North Carolina Medicaid Supervisor Barbara Matula likening medicaid to "an amoeba that just keeps gobbling up State resources. It will * * * continue to take up a disproportionate share of money available until the State reaches a fiscal crisis."

In a number of States, particularly New York, local governments are all but devastated by their share of these costs. As New York City Mayor Edward Koch stated before the Democratic Convention on August 11, 1980—

If we did not have to bear this burden, we would have no trouble balancing our budget.

In the meantime, the condition of the millions of needy persons who depend upon these programs for their income and their health care continues to worsen. The National Urban League's state of black America 1980 reported that:

(M)ost AFDC payments have been significantly eroded by inflation . . . (B)etween 1973 and 1979, the average state maximum for a family of four without other income (in constant 1979 dollars) dropped from $424 to $349 a month.

In New York, the basic cash allowance for a family of four was set at $258 a month—exclusive of shelter—in 1974. It remains $258 today. In that time, consumer prices have increased by 64 percent. Sensible of this erosion, the State senate, upon Gov. Hugh Carey's urging, approved a 15-percent increase in AFDC benefits. This hardly compensates for the large drop in the benefits' real value. But even this small rise will cost the State an additional $120 million in 1982.

And that is merely the beginning. Only to illustrate this do I mention that data I have published in the spring 1981 issue of the Journal of Socioeconomic Issues show that dependency has increased astonishingly. Permit me to quote:

It appears that one-half of the children now being born are likely to live in female-headed households at some point prior to their 18th birthday. This includes 40 percent of majority children and 75 percent of minority children.

Two-thirds of female-headed households with children now receive AFDC payments.

Before their 18th birthday, one-third of all children now being born are likely to live in a female-headed household receiving AFDC payments.

One-third of all children. A third of our children dependent upon their State governments—which set benefit levels—for an even less adequate level of subsistence. Inadequate not because their governments are mean spirited, but because they cannot afford anything more.

The bill I introduce today would fundamentally change this. It would remove the burden of welfare and medicaid financing from local governments, and would substantially ease the burden on State governments. But this higher level of Federal reimbursement is available only to those States that provide AFDC and food stamp benefits in excess of three-quarters of the federally determined poverty line.

The bill's hold harmless provision insures that State costs will not increase because of this minimum benefit level; if the cost of meeting the minimum benefit exceeds the higher reimbursement rate, the Federal Government is responsible for the difference. States will be able—will be encouraged—to provide a decent level of cash assistance and health care for their neediest residents.

This is an easily understood bill, similar to legislation I introduced in the 96th Congress. It simply changes the minimum Federal reimbursement level under the "Medicaid formula" (which governs both the medicaid and AFDC programs) from 50 percent to 75 percent in fiscal 1982, rising to 90 percent in fiscal 1985 and thereafter. The bill requires that the additional Federal funding be "passed through" to localities in those States that now require local cost-sharing in amounts sufficient to eliminate the local share. When fully implemented, the State (or State-local) share of expenditures for medicaid would be only 10 percent (down from the present average of 44 percent) and the State (or State-local) share of AFDC cash benefits would also be 10 percent (down from the present average of 46 percent).

The essential purpose of this bill, the welfare and medicaid fiscal assistance program, is to assign the primary responsibility to the Federal Government of paying for both welfare and medicaid. This is entirely consistent with the stated policy recommendations of the National Governors Association. It is not a complete transfer of fiscal responsibility, for so long as the States retain the task of administering these programs (and of setting cash assistance levels, above a federally-prescribed floor) they must retain a fiscal stake in them. The 10-percent share envisioned in this bill is quite sufficient for that purpose.

I would add, however, that I would welcome complete Federal assumption of the administrative and fiscal responsibility for both sets of activities. That is how social security, disability, SSI and medicare work and is, I believe, the proper permanent locus for cash assistance to dependent children and for medical care for the needy as well. Short of that large structural change, a realinement of fiscal responsibility would constitute a major improvement.

I urge its favorable consideration and its enactment.●

By Mr. PERCY:

S. 854. A bill to promote the orderly conduct of international relations by facilitating the operation of foreign missions in the United States, thereby promoting the secure and efficient operation of the U.S. missions abroad; to the Committee on Foreign Relations.

FOREIGN MISSIONS ACT OF 1982

Mr. PERCY. Mr. President, today I am introducing a bill which I call the Foreign Missions Act of 1982. An identical bill is being introduced in the House of Representatives by Congressman DANTE FASCELL of Florida.

This legislation is designed to provide the means to remedy a serious and growing imbalance between the treatment accorded in many countries to official missions of the United Stataes abroad, and that made available to foreign government missions in the United States. At present the Department of State lacks authority compared to that enjoyed by many other governments to enforce reciprocity in an appropriate manner.

In an increasing number of countries, for example, the United States is denied suitable locations for our missions or long-term rights to property or facilities, often resulting in diminished security, excessive or discriminatory costs, or inadequate facilities which significantly reduce the effectiveness of our missions. For example:

In the Soviet Union and East European countries, the United States is barred from purchasing office and residential properties and is required to obtain all facilities through government controlled sources. In many cases these are either inadequate, excessively costly, or both, or denied arbitrarily. However, in the United States, these governments are allowed to purchase both types of property in Washington, D.C. All own either office or residential space.

Venezuela will not allow the Department to purchase staff housing units in the capital city, which imposes difficulties on the functioning of the mission, but the Venezuelans are purchasing housing in the greater Washington metropolitan area for official purposes.

Kuwait, Bahrain, and the United Arab Emirates will not allow the United States to purchase badly needed staff housing sites which would allow residential construction and elimination of exorbitant short-term lease charges. Yet these same governments own residential units in our capital area. For example, in Doha, Qatar, it costs the U.S. Government $33,000 per year to lease living quarters for a single secretary.

In Indonesia, the government has determined that the U.S. Government may no longer own its more than 20 properties and is now in the process of converting these to long-term leaseholds. The new ground rents will be considerable. Indonesia is free to buy, lease, and sell in the United States.

In Algeria, a prior expropriation of U.S. property remains unresolved. Our present facilities are very inadequate and our efforts to secure long-term office and residential properties have met with negative results.

Our Embassies in the Soviet Union, East European, and other countries with state directed economies are required to deal through service organizations within the Ministries of Foreign Affairs for practically all administrative support and services, that is, housing, maintenance, utilities, employees, tickets for cultural and athletic performances, travel, et cetera. These organizations often impose a substantial surcharge for often unnecessary or unwanted "services." The total cost to the U.S. Government and its employees amounts to hundreds of thousands of dollars annually. For example, the Soviets charge diplomatic personnel but not tourists a "fee"—equal to one night's lodging—for holding a hotel reservation. Thus, a traveler is required to pay for 1 extra day of lodging regardless of the amount of time the room was occupied.

In many areas of the world, both the U.S. Government and its employees encounter serious inequities regarding the import or export of privately owned vehicles and other personal effects. Employees of these governments' foreign mission in the United States do not face these same restrictions; problems exist, for example, in Mexico, Venezuela, Singapore, Guatemala, and at many Embassies in the Near East.

At the same time, missions of those same countries are allowed in the United States to acquire property and goods freely or obtain benefits or public services, often without limitation. The U.S.

Government and its personnel are often confronted by serious inequities concerning the payment of taxes on goods and services obtained in the host country. For example, in Chile and Malta the Embassy is not exempt from the payment of a gasoline tax of 48 cents and 25 cents per gallon, respectively. In Yugoslavia the Embassy is required to pay a 27.5-percent tax on heating oil.

A number of countries also require a transaction tax on certain construction materials. An example is Portugal where the imposition of this tax may greatly increase the cost of the new Embassy being constructed in Lisbon. In New Delhi, all Embassy administrative and support staff and specialized staff such as Library of Congress personnel do not receive duty-free import privileges and are not exempt from customs inspection and imposition of certain taxes, despite their performance of official functions for the United States.

In most cases, the Department lacks authority to impose similar restrictions or conditions on those or other countries in the United States. Instead it can only take far more extreme action such as barring the country concerned from using property it may acquire or declaring some persons persona non grata. These remedies are not suitable for such situations and are therefore rarely used.

The proposed Foreign Missions Act provides mechanisms whereby the operations of foreign missions in the United States and the benefits available to them from Federal, State, and local authorities, public utilities and private persons may be cleared through the Federal Government and adjusted according to U.S. needs abroad as well as national security interests at home.

In this way, the conditions under which foreign missions operate in the United States can be made to reflect the conditions under which missions of the United States are required to operate in the countries represented by such foreign missions. As a result, the foreign governments represented by mission in the United States will have an incentive to provide fair, equitable and nondiscriminatory treatment to U.S. missions and personnel in their territory, thus contributing to significant savings in the costs of operating U.S. missions, improved working conditions for U.S. personnel, and mutual respect in our foreign relations. The bill's authorities may also be applied to international organizations to a limited extent where necessary to give effect to the policy of the bill.

Specifically, the bill sets up an independent Office of Foreign Missions within the Department of State. The Office is to be headed by a Director appointed by the Secretary of State. The Director will carry out his or her responsibilities under the general supervision and direction of the Secretary. The Secretary is prohibited from delegating supervisory authority over the Director to any official below the rank of Under Secretary.

This organizational structure seeks to reconcile two competing policy interests. On the one hand, the operation of foreign missions in the United States is an important aspect of the conduct of foreign affairs and should be directly under the supervision of the Secretary of State. On the other hand, responsibility for the hard decisions to deny or impose conditions on benefits desired by foreign missions should be somewhat insulated from the operating bureaus in the State Department which deal with foreign missions on substantive issues on a daily basis. These concerns will be met effectively by placing the responsibility in the State Department and by precluding supervision of its exercise by any of the operating bureaus. The Office will be staffed by Foreign Service members, other Government employees, experts and consultants as necessary.

The Secretary of State will set the terms and conditions under which benefits may be granted or denied a foreign mission. Such actions will be governed by the need for reciprocity or other factors in our relations with other nations. The purposes served include the following:

Facilitating relations between the United States and a sending state.

Protecting U.S. interests.

Adjusting for costs and procedures of obtaining benefits for missions of the United States abroad.

Assisting in resolving disputes involving a foreign mission or sending state.

In carrying out the provisions of the bill, the Director is authorized to assist Federal, State, and municipal governments with regard to ascertaining and according benefits, privileges and immunities to foreign missions. The activities covered include the execution or performance of any contract or agreement, the acquisition or retention of any real property, or the application for or acceptance of any benefit, including benefits from any Federal, State, or municipal authority, or any entity providing public services; for example, utility and telephone company.

The bill specifically provides that the terms and conditions set by the Secretary may include a requirement to pay the Director a surcharge or fee, which would be deposited in the working capital fund of the Department of State to be used in carrying out the provisions of the bill. In addition, the Secretary may require a waiver by any foreign mission of any recourse against any governmental authority, public service entity, agent or employee thereof, in connection with actions taken under the provisions of the bill. This will protect companies from lawsuits and will thus enable the Director to carry out the provisions of the bill more effectively.

The bill also provides that issues concerning the location of foreign missions in the District of Columbia be settled by the National Capital Planning Commission, on which Federal, city, and citizen interests are represented. In order to insure full discussion, public hearings are required.

Mr. President, I urge my colleagues to support this bill, which is designed to achieve more balance between the treatment accorded U.S. missions overseas and that given foreign missions in the United States. I ask unanimous consent that this bill be printed in the RECORD at this point.

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

S. 854

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the State Department Basic Authorities Act of 1956 is amended by striking out "That the Secretary" in the first section and inserting in lieu thereof the following:

"TITLE I—BASIC AUTHORITIES GENERALLY

"SECTION 1. The Secretary".

(b) That Act is further amended by adding at the end thereof the following:

"TITLE II—AUTHORITIES RELATING TO THE REGULATION OF FOREIGN MISSIONS

"DECLARATION OF FINDINGS AND POLICY

"SEC. 201. (a) The Congress finds that the operation in the United States of foreign missions and public international organizations and the official missions to such organizations, including the permissible scope of their activities and the location and size of their facilities, is a proper subject for the exercise of Federal jurisdiction.

"(b) The Congress declares that it is the policy of the United States to support the secure and deficient operation of United States missions abroad, to facilitate the secure and efficient operation in the United States of foreign missions and public international organizations and the official missions to such organizations, and to assist in obtaining appropriate benefits, privileges, and immunities for those missions and organizations and to require their observance of corresponding obligations in accordance with international law.

"(c) The assistance to be provided to a foreign mission in the United States shall be determined after due consideration of the benefits, privileges, and immunities provided to missions of the United States in the country or territory represented by that foreign mission.

"DEFINITIONS

"SEC. 202. (a) For purposes of this title—

"(1) 'benefit' (with respect to a foreign mission) means any acquisition, or authorization for an acquisition, in the United States by or for a foreign mission, including the acquisition of—

"(A) real property by purchase, lease, exchange, construction, or otherwise,

"(B) public services, including services relating to customs, importation, and utilities, and the processing of applications or requests relating to public services,

"(C) supplies, maintenance, and transportation,

"(D) locally engaged staff on a temporary or regular basis,

"(E) travel and related services, and

"(F) protective services,

and includes such other benefits as the Secretary may designate;

"(2) 'chancery' means the principal offices of a foreign mission used for diplomatic or related purposes, and annexes to such offices (including ancillary offices and support facilities), and includes the site and any building on such site which is used for such purposes;

"(3) 'Director' means the Director of the Office of Foreign Missions established pursuant to section 203(a);

"(4) 'foreign mission' means any official

mission to the United States involving diplomatic, consular, or other governmental activities of—

"(A) a foreign government, or

"(B) an organization (other than an international organization, as defined in section 209(b) of this title) representing a territory or political entity which has been granted diplomatic or other official privileges and immunities under the laws of the United States,

including any real property of such a mission and including the personnel of such a mission;

"(5) 'real property' includes any right, title, or interest in or to, or the beneficial use of, any real property in the United States, including any office or other building;

"(6) 'Secretary' means the Secretary of State;

"(7) 'sending State' means the foreign government, territory, or political entity represented by a foreign mission; and

"(8) 'United States' means, when used in a geographic sense, the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

"(b) Determinations with respect to the meaning and applicability of the terms used in subsection (a) shall be committed to the discretion of the Secretary.

"OFFICE OF FOREIGN MISSIONS

"SEC. 203. (a) The Secretary shall establish an Office of Foreign Missions as an independent office within the Department of State. The Office shall be headed by a Director, appointed by the Secretary, who shall perform his or her functions under the supervision and direction of the Secretary. The Secretary may delegate this authority for supervision and direction of the Director only to the Deputy Secretary of State or an Under Secretary of State.

"(b) The Secretary may authorize the Director to—

"(1) assist agencies of Federal, State, and municipal government with regard to ascertaining and according benefits, privileges, and immunities to which a foreign mission may be entitled;

"(2) provide or assist in the provision of benefits for or on behalf of a foreign mission in accordance with section 204; and

"(3) perform such other functions as the Secretary may determine necessary in furtherance of the policy of this title.

"PROVISION OF BENEFITS

"SEC. 204. (a) Upon the request of a foreign mission, benefits may be provided to or for that foreign mission by or through the Director on such terms and conditions as the Secretary may approve.

"(b) The Secretary may require a foreign mission to obtain benefits from or through the Director on such terms and conditions as the Secretary may approve, if the Secretary determines that such action is reasonably necessary on the basis of reciprocity or otherwise—

"(1) to facilitate relations between the United States and a sending State;

"(2) to protect the interests of the United States;

"(3) to adjusts for costs and procedures of obtaining benefits for missions of the United States abroad; or

"(4) to assist in resolving a dispute affecting United States interests and involving a foreign mission or sending State.

"(c) The Secretary may require any foreign mission to comply with such terms and conditions as the Secretary may determine as a condition to the execution or performance in the United States of any contract or other agreement; the acquisition, retention, or use of any real property or the application for or acceptance of any benefit (including any benefit from or authorized by any Federal, State, or municipal governmental authority, or any entity providing public services).

"(d) Terms and conditions established by the Secretary under this section may include—

"(1) a requirement to pay to the Director a surcharge or fee, and

"(2) a waiver by a foreign mission (or any assignee of or person deriving rights from a foreign mission) of any recourse against any governmental authority, any entity providing public services, any employee or agent of such an authority or entity, or any other person, in connection with any action determined by the Secretary to be undertaken in furtherance of this title.

"(e) For purposes of effectuating a waiver of recourse which is required under this section, the Secretary may designate the Director or any other officer of the Department of State as the agent of a foreign mission (or of any assignee of or person deriving rights from a foreign mission). Any such waiver by an officer so designated shall for all purposes (including any court or administrative proceeding) be deemed to be a waiver by the foreign mission (or the assignee of or other person deriving rights from a foreign mission).

"PROPERTY OF FOREIGN MISSIONS

"SEC. 205. (a)(1) The Secretary may require any foreign mission to notify the Director prior to any proposed acquisition, or any proposed sale or other disposition, of any real property by or on behalf of such mission. If such a notification is required, the foreign mission (or other party acting on behalf of the foreign mission) may initiate or execute any contract, proceeding, application, or other action required for the proposed action—

"(A) only after the expiration of the sixty-day period beginning on the date of such notification (or after the expiration of such shorter period as the Secretary may specify in a given case); and

"(B) only if the mission is not notified by the Secretary within that period that the proposal has been disapproved; however, the Secretary may include in such a notification such terms and conditions as the Secretary may determine appropriate in order to remove the disapproval.

"(2) For purposes of this section, 'acquisition' includes any acquisition or alteration of, or addition to, any real property or any change in the purpose for which real property is used by foreign mission.

"(b) The Secretary may require any foreign mission to divest itself of, or forego the use of, any real property determined by the Secretary—

"(1) not to have been acquired in accordance with this section; or

"(2) to exceed limitations placed on real property available to a United States mission in the sending State.

"(c) If a foreign mission has ceased conducting diplomatic, consular, and other governmental activities in the United States and has not designated a protecting power or other agent approved by the Secretary to be responsible for the property of that foreign mission, the Secretary—

"(1) until the designation of a protecting power or other agent approved by the Secretary, may protect and preserve any property of that foreign mission; and

"(2) may authorize the Director to dispose of such property at such time as the Secretary may determine after the expiration of the one-year period beginning on the date that the foreign mission ceased those activities, and may remit to the sending State the net proceeds from such disposition.

"LOCATION OF FOREIGN MISSIONS

"SEC 206. (a) In order to ensure the fulfillment of the international obligations of the United States and fulfillment of the policy of this title, and to ensure the orderly development of the national capital, the location, height, bulk, number of stories, and size of any building or other real property of a foreign mission in the District of Columbia, and the provision for open space in and around any such building or other property, shall be subject to approval by the National Capital Planning Commission (hereafter in this section referred to as the 'Commission'). This subsection does not apply with respect to a building or other real property of a foreign mission if the Commission determines that the property will only be used by a party other than a foreign mission and will only be used for activities that do not involve the diplomatic, consular, or other governmental activities of a foreign mission.

"(b) Any determination by the Commission pursuant to subsection (a) of this section which involves approval of the location of or a use of real property for a chancery, or involves approval of site and building plans for a chancery, shall be considered rulemaking under section 553 of title 5, United States Code, and shall be based solely on the following criteria:

"(1) the Federal interest;

"(2) the chancery is an area (A) of predominantly office use, (B) of mixed use, including residential, commercial, office, or institutional use, (C) of medium or high density residential use, or (D) in reasonable proximity to streets on which existing chanceries are concentrated;

"(3) historic preservation (as determined in accordance with regulations issued by the Commission in carrying out this section);

"(4) the extent to which the area will be served by public transit to reduce parking requirements;

"(5) the extent to which the area will have adequate public facilities, utilities, and services, including streets, street lighting, water, sewer, electricity, telephone, and refuse collection;

"(6) the area is capable of being adequately protected, as determined by a Federal agency authorized to perform protective services; and

"(7) the municipal interest.

Any other determination by the Commission with respect to real property of a foreign mission pursuant to subsection (a) of this section shall be based solely on the criteria specified in paragraphs (1), (3), (6), and (7), and such other criteria as the Commission may by regulation establish.

"(c) In any proceeding with respect to real property of a foreign mission pursuant to subsection (a) of this section—

"(1) a determination by the Secretary as to the Federal interest shall be given substantial weight; and

"(2) a determination by the Mayor of the District of Columbia as to the municipal interest shall be given substantial weight.

"(d) In any proceeding with respect to real property of a foreign mission pursuant to subsection (a) of this section, the final determination with respect to approval of a location or use or approval of site and building plans shall be made not later than 5 months after the date of filing an application for such approval.

"PREEMPTION

"SEC. 207. Notwithstanding any other provision of law, no act of any Federal agency or of any State or municipal governmental authority shall be effective to confer or deny any benefits with respect to any foreign mission contrary to this title.

"GENERAL PROVISIONS

"SEC. 208. (a) The Secretary may issue such regulations as the Secretary may determine necessary to carry out the policy of this title.

"(b) Compliance with any regulation, instruction, or direction issued by the Secretary

under this title shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court or administrative proceeding for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, this title, or any regulation, instruction, or direction issued by the Secretary under this title.

"(c) For purposes of administering this title, the Secretary may—

"(1) employ experts and consultants in accordance with section 3109 of title 5, United States Code, at rates not to exceed the rate payable for level IV of the Executive Schedule, under contracts which may be renewed annually;

"(2) obtain without regard to the provisions of law governing appointments in the competitive service, by appointment or contract (subject to availability of funds), the services of individuals to provide technical and professional services required to carry out the functions of the Director; and

"(3) accept details and assignments of employees of Federal agencies to the Office of Foreign Missions on a reimbursable or nonreimbursable basis (with any such reimbursements to be credited to the appropriations made available for the salaries and expenses of officers and employees of the employing agency).

"(d) Contracts and subcontracts for supplies or services (except for personal services), made by or on behalf of the Director, shall be made after advertising, in such manner and at such times as the Secretary shall determine to be adequate to ensure notice and opportunity for competition, except that advertisement shall not be required when (1) the Secretary determines that it is impracticable or will not permit timely performance to obtain bids by advertising, or (2) the aggregate amount involved in a purchase of supplies or procurement of services does not exceed $10,000. Such contracts and subcontracts may be entered into without regard to laws and regulations otherwise applicable to solicitation, negotiation, administration, and performance of government contracts. In awarding contracts, the Secretary may consider such factors as relative quality and availability of supplies or services and the compatability of the supplies or services with implementation of this title.

"(e) The head of any Federal agency may, for purposes of this title—

"(1) transfer or loan any property to, and perform administrative and technical support functions and services for the operations of, the Office of Foreign Missions (with reimbursements to agencies under this paragraph to be credited to the current applicable appropriation of the agency concerned); and

"(2) acquire and accept services from the Office of Foreign Missions, including (whenever the Secretary determines it to be in furtherance of the purposes of this title) acquisitions without regard to laws normally applicable to the acquisition of services by such agency.

"(f) Assets of or under the control of the Office of Foreign Missions, wherever situated, which are used by or held for the use of a foreign mission shall not be subject to attachment, execution, injunction, or similar process, whether intermediate or final.

"(g) Except as otherwise provided, any determination required under this title shall be committed to the discretion of the Secretary. Except as provided in the first sentence of section 206(b), actions taken under the authority of this title shall not be considered rulemaking within the meaning of section 553 of title 5, United States Code.

"(h)(1) In order to implement this title, the Secretary may transfer such amounts available to the Department of State as may be necessary to the working capital fund established by section 13 of this Act.

"(2) Notwithstanding any other provision of law, all revenues, including proceeds from gifts and donations, received by the Director or the Secretary in carrying out this title may be credited to the working capital fund established by section 13 of this Act and shall be available for purposes of this title in accordance with that section.

"APPLICATION TO PUBLIC INTERNATIONAL ORGANIZATIONS AND OFFICIAL MISSIONS TO SUCH ORGANIZATIONS

"SEC. 209. (a) The Secretary may make section 206, or any other provision of this title, appplicable with respect to an international organization to the same extent that it is applicable with respect to a foreign mission if the Secretary determines, after consultation with the international organization, that such application is necessary to carry out the policy set forth in section 201(b) and to further the objectives set forth in section 204(b).

"(b) For purposes of this section, 'international organization' means—

"(1) a public international organization designated as such pursuant to the International Organizations Immunities Act (22 U.S.C. 288–288f–2) or other law authorizing such status; and

"(2) an official mission (other than a United States mission) to such a public international organization, including any real property of such an organization or mission and including the personnel of such an organization or mission.

"PRIVILEGES AND IMMUNITIES

"SEC. 210. Nothing in this title shall be construed to limit the authority of the United States to carry out its international obligations, or to supersede or limit immunities otherwise available by law. No act or omission by any foreign mission, public international organization, or official mission to such an organization, in compliance with this title, shall be deemed to be an implied waiver of any immunity otherwise provided for by law.

"ENFORCEMENT

"SEC. 211. It shall be unlawful for any person to make available any benefits to a foreign mission contrary to this title. This section shall be enforceable in any appropriate district court of the United States by injunctive or other equitable relief upon application by the Attorney General.

"SEVERABILITY

"SEC. 212. If any provision of this title or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of such provision to any other person or circumstance shall not be affected thereby.".

(c) Section 13 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2684) is amended in the first sentence by striking out "and" following the semicolon at the end of clause (3), and by inserting immediately before the period at the end thereof "; and (5) services and supplies to carry out title II of this Act".

(d)(1) Subparagraph (A) of section 2(1) of the Diplomatic Relations Act (22 U.S.C. 254a(1)(A)) is amended to read as follows:

"(A) the head of a mission and those members of a mission who are members of the diplomatic staff or who, pursuant to law, are granted equivalent privileges and immunities,".

(2) Section 3(b) of such Act (22 U.S.C. 254b) is amended to read as follows:

"(b) With respect to a nonparty to the Vienna Convention, the mission, the members of the mission, their families, and diplomatic couriers shall enjoy the privileges and immunities specified in the Vienna Convention.".

(3) Section 4 of such Act (22 U.S.C. 254c) is amended—

(A) by inserting "the mission, the" immediately after "immunities for"; and

(B) by striking out "of any sending state".

(4) Section 1364 of title 28, United States Code, is amended by striking out "as defined in the Vienna Convention on Diplomatic Relations" and inserting in lieu thereof "within the meaning of section 2(3) of the Diplomatic Relations Act (22 U.S.C. 254a(3))".

(e) The Act of June 20, 1938 (Public Law 684, 75th Congress; 52 Stat. 797) is amended—

(1) in section 6 by striking out "(a)", and by striking out subsections (b), (c), (d), and (e); and

(2) in section 16 by adding at the end thereof the following new sentence: "In addition, the provisions of this Act shall not apply to any real property to which section 206(a) of the State Department Basic Authorities Act of 1956 (relating to foreign missions) is applicable.".

By Mr. MOYNIHAN:

S. 855. A bill to amend the Social Security Act to revise the AFDC and medicaid matching formula for States which meet certain minimum AFDC benefit requirements, and for other purposes; to the Committee on Finance.

MEDICAID FORMULA MODERNIZATION ACT OF 1981

● Mr. MOYNIHAN. Mr. President, I am today introducing the Medicaid Formula Modernization Act of 1981. It is intended to rectify four serious shortcomings in the medicaid formula presently embodied in the Social Security Act, the formula by which the Federal matching share is determined for State outlays under both medicaid and the program of aid to families with dependent children.

The existing formula looks like this:

Federal share of AFDC/Medicaid = .45 × State per capita income²/national per capita income²

It is, to be blunt, a perverse and inequitable formula.

Per capita income is used as the unqualified measure of a State's ability to pay for medicaid and AFDC. Income is certainly one gage of a State's economic condition, but it is not the only measure and it is certainly not the most accurate measure of a State's fiscal capacity. It ignores the sizable cost-of-living differences among States, resulting in unfair treatment of areas with higher living costs. A family residing in New York City, for instance, needs approximately 25 percent more income to maintain itself at the same standard of living as a similar family in Dallas or Houston.

The squaring mechanism exacerbates the distortions. It was intended to assure greater Federal financial assistance to States with the least ability to pay. However well-meaning its original purpose, the squaring mechanism no longer makes sense. There is no evidence that a State's need for Federal matching funds is geometrically related to the ratio of its income to national income levels; nor is there evidence that an unsquared ratio would not allocate Federal moneys in closer proportion to the true needs of the

State. The squaring mechanism only aggravates the problems resulting from reliance on per capita income.

Moreover, those ratios include cash transfer payments as part of income. Most such payments vary, State by State, and the proportion of the population that receives them does, too. A State such as New York, with a large number of welfare recipients, and with higher benefit levels, finds itself losing much-needed Federal reimbursement funds as a consequence of its success in alleviating poverty and meeting health care needs. This commitment to adequate provision for the needy serves to raise their cash income levels and thereby boosts our average State income level. This inflation is then squared.

The final large weakness of the current medicaid formula is the use of the 0.45 multiplier. Not only is it entirely arbitary, but the requirement that the States continue to pay such a large share of the costs of a keystone program for the poor imposes what must be acknowledged to be an unmanageable burden on the States and, often on local governments as well.

This bill would correct these inequities by: adjusting State income measures for cost-of-living differences, eliminating the squaring mechanism, excluding need-based cash transfer payments from income as defined for purposes of this formula, and changing the multiplier from 0.45 to 0.35. The higher reimbursement rate would be predicated upon State AFDC and food stamp benefits meeting 75 percent of the poverty line, and the bill includes a hold-harmless provision to insure that this proviso will not cost the States more in funding than they will receive in additional reimbursement.

The bill contains a mandatory pass-through of additional Federal matching funds to local governments in those States that now require localities to bear medicaid or AFDC costs.

This bill is based in large part on a superb analysis of inequities in the current medicaid formula that was prepared at the behest of New York City Council President Carol Bellamy. It is virtually identical to the measure that former President Carter endorsed in 1980. It is faithful to the platform commitments of the Democratic Party. It deserves careful attention and I urge its support.

In closing, Mr. President, I would simply add that this is one of two bills I am introducing simultaneously. The purpose is not to confuse, but rather to illustrate alternative approaches to the solution of a large and pressing problem: The crushing and inequitable fiscal burden created by the current system of apportioning responsibility for AFDC and medicaid among the three levels of Government in our federal system. The two bills closely resemble proposals that I first introduced in the 96th Congress. The principal difference, in both cases, is the requirement that AFDC and food stamp benefits in a given State equal or exceed 75 percent of the Federal poverty line as a condition of receiving the additional Federal matching funds provided through this legislation. Although that requirement has no direct effect on most States, it embodies a necessary—if insufficient—step toward true welfare reform by instituting a national minimum benefit level for needy and dependent children.

I would ask unanimous consent at this time that there be printed in full in the RECORD at the conclusion of these remarks the text of my recent article, "Children and Welfare Reform," published in the spring 1981 issue of the Journal of the Institute of Socioeconomic Studies. I believe that the data presented in that article support my contention that welfare reform must be taken seriously, and pursued vigorously, for the sake of the millions of children who already depend for much of their material existence on these programs provided by a compassionate society.

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

CHILDREN AND WELFARE REFORM

(By DANIEL PATRICK MOYNIHAN)

"The first time as tragedy, the second as farce."[1] Karl Marx's celebrated epigram concerning the two Napoleons could as well apply to the two major efforts at welfare reform which took up sizable portions of presidential energy during the 1970s, but so far as support for dependent children is concerned, came to nothing.

The Family Assistance Plan (FAP), proposed by Richard Nixon in 1969, the first year of his presidency, undertook to substitute a guaranteed annual income for the four welfare programs already established under the Social Security Act: Aid to the Blind, Aid to the Permanently and Totally Disabled, Old Age Assistance, and Aid to Families with Dependent Children. This bill twice passed the House of Representatives by heavy margins.[2]

In 1973, with the enactment of the Supplemental Security Income (SSI) program, it could be said that three of the four objectives of the proposal were achieved. But this would miss the fact that the driving force behind "welfare reform" as it was universally known, was the idea of establishing a more generous, more uniform, more extensive system of support for children in poor or dependent families.[3] The Family Assistance Plan was devised above all to provide a guaranteed income for children and for families with children. In the end, children and families were the only groups excluded.

In 1977, President Jimmy Carter in the first year of his presidency took up the issue once more, proposing the Program for Better Jobs and Income (PBJI). By this point, the Federal bureaucracies and associated academic centers had acquired considerable sophistication with respect to guaranteed income plans. In what for example would appear to be the first such development in social policy, a variety of guaranteed income plans were actually "field tested". This was inaugurated with the New Jersey Graduated Work Incentive Experiment begun in 1967 under President Johnson. As a result, vast amounts of data were available in 1977.[4] Thus it came about that in contrast to the small group which was able rather rapidly to put together the Family Assistance Plan for President Nixon in 1969, in 1977 President Carter was able—or was forced?—to turn to a much swollen bureaucratic and academic apparatus. The result was, on the edge, farcical. Committees became so large they met in auditoriums. Starting with presidential instructions that no additional funds should be committed, a program ended up that would have cost the Federal government an additional $17.4 billion.[5]

Footnotes at end of article.

"WELL-MEANING BUT WITHOUT UNDERSTANDING"

The PBJI was sent to Congress in September 1977. In my study of FAP, *The Politics of a Guaranteed Income*, I made the point that a crucial feature of the negative income tax, of which both the Nixon and Carter proposals were variants, is that it is *hard to understand*. It was not likely that more than a sixth of the Members of Congress could follow just how the proposal before them in 1969-72 actually worked. But by contrast with the Carter proposal, FAP was Euclidean in its clarity. For by mid-decade, the economists had quite taken over the subject with the consequence that Carter's experts produced a proposal that it is not likely 25 persons in Washington actually understood.

Carter's welfare economists are said to have done reputable work in other fields, but when it came to social policy they were bumpkins. They used up almost a year of their president's time on a proposal that the full House Committee on Ways and Means never even considered. In the Senate, I introduced the legislation, but there was little interest and not the least disposition to act until the House had acted. (This is, after all, the constitutionally prescribed sequence of the two tax-writing committees which have jurisdiction over Social Security matters.)

President Carter had devoted extraordinary effort to devising the PBJI. Word was passed that this was a priority matter for his party and his administration and that the Congress would be receptive and the nation supportive, if not indeed impatient for action. In the end, however, a grotesquely swollen and self-deluded policy process failed utterly. Moreover, in the process, it destroyed the prospects of any significant advances. Apart from the relatively modest Adoption Assistance and Child Welfare Act of 1980, the Carter Administration, having expended such efforts on welfare reform—to the scorn of a Democratic Congress and the evident indifference of the public at large—never again mustered its resources or its nerve in the cause of other social policy innovations. It left office after four years, perhaps the first administration since that of Calvin Coolidge that could boast of no significant social legislation. The farcical element, however, was that nothing was going to happen anyway.

THE FAP DEFEAT

By contrast, there had been a tragic element in the loss of FAP, and it was this. The proposal was made at a time of still rising expectations about social reform. While it received acclamation and support, it was also opposed by groups which were of the view that such were the ever-improving prospects for such measures, a still better measure could be enacted. Thus, for example, the National Urban League opposed FAP.[6]

This was an illusion, widely shared, but susceptible of analysis. Only as evidence that a closer look argued otherwise, I observe that on July 1, 1970, I addressed a meeting of the National Urban Coalition in Washington to press for enactment of the Family Assistance Plan that year. The House had voted; the Senate was ready. I stated: "If we don't get it in this Congress, I don't see us getting it in this decade."[7]

The tragedy then was hubristic. FAP might not have passed in any event, given the opposition of those who thought it was "too much." But for certain it was opposed by those who thought it was "too little," and who were overwhelmingly confident that yet more resources could be made available. By the end of the decade, however, the resources available for social programs were already committed elsewhere, and far from having been improved, the levels of support for mothers and dependent children in the land

had actually begun to *diminish*. In the meantime, institutional crises such as the near-bankruptcy of New York City in 1975 cast the failed opportunity of FAP in yet another light. Had it been adopted in 1970, welfare costs, strictly defined, would have disappeared from the City's budget. This might have put off the fiscal crisis, and in any event would significantly have hastened recovery from it. Mayor John V. Lindsay sensed this in 1970 and strongly supported the "federalization" of welfare, which was an incidental but not casual aspect of FAP. A decade later, Mayor Edward I. Koch must accept that this is an ever receding prospect. As will be related, serious questions have arisen as to whether a guaranteed income would be desirable social policy. But few would contest that it would have been brilliant urban policy.

The record of failure in the 1970s would not seem to argue well for the 1980s. There has been a sharp retreat from party commitment to welfare reform as it was understood a decade ago. As recently as 1972, the Republican Party urged "uniform Federal payment standards for all welfare recipients" and lauded the Republican administration that had produced the Family Assistance Plan.

The platform adopted at the Republican convention in 1980, however, wanted no part of any such thing. "We categorically reject the notion of a guaranteed annual income, no matter how it may be disguised," said the welfare plank. "We oppose federalizing the welfare system . . ." Senator Robert F. Dole of Kansas, assuming the chairmanship of the Senate Committee on Finance, told the Socioeconomic Newsletter for January 1981 that he "flatly rejects . . . the institution of a guaranteed annual income."

The Democratic platform was at least as ardent as the Republican in 1972, proposing to "end the present welfare system and replace it with an income security program. . . ." But by 1980 there was no such reference. In a discursive and largely evasive plank there was no mention whatever of President Carter's Program for Better Jobs and Income. Instead, the party pledged itself to "continue to work" to extend to all states the "unemployed parent" portion of AFDC, under which two-parent families can in certain circumstances become eligible for welfare benefits, and to raise AFDC minimum payments in some southern and southwestern states. In a word, the routine elaboration of an established program. Not unimportant, but most emphatically not new.

The 1980 election seemed anything but a mandate for new social programs, more likely otherwise. Before taking office, a memorandum from then Representative David A. Stockman, who became President Reagan's Director of the Office of Management and Budget, suggested that the routine political rhetoric of getting rid of government "waste" or "fraud" would "hardly make a dent in the true problem"; that if the budget were to be reduced, more drastic steps, including cuts in entitlements and other programs, would have to be undertaken.[8] An editorial in the Washington Post noted that while only 1.3 percent of the Federal budget goes to programs that "most people mean by 'welfare'," they had become the subject of such public indignation "that it would almost be worth cutting them out entirely in order to be rid of this convenient scapegoat . . ."[9]

What prospects for change do exist are implied in the Post's caveat to its own modest proposal:

"It would be well to eliminate welfare altogether were it not for the likely disastrous effect on the lives of some seven million children, effects we somehow doubt anyone would really relish."[10]

Footnotes at end of article.

That is the essential point: the lives of children are involved. Few seem to grasp how many.

Some 20 years ago, as head of the newly formed policy planning staff of the U.S. Department of Labor, I began a series of statistical investigations seeking to establish the social costs of unemployment. This had been the subject of some enquiry during the 1930s, but had receded before the conceptual power of the Gross National Product and its measurement of costs and benefits in direct economic terms.

BIRTH OF THE "WELFARE CLASS"

Early on, I felt I was on to something. A considerable range of social indicators, especially among Black Americans, a group with a high rate of unemployment, could be shown to relate to unemployment. Especially when the indicators were lagged—for example, dropping "Married Woman, Husband Absent" back nine months or a year, and comparing this with Male Unemployment—quite astonishing correlations could be shown. Going back in time, a singularly powerful correlation could be shown between male unemployment rates and new AFDC cases. But this persisted only into the late 1950s, when all of a sudden the correlation began to weaken. Then in the early 1960s, it disappeared altogther, becoming sharply negative. This is to say that for most of the postwar period (when unemployment data became available) until the close of the 1950s, whenever male unemployment rose, the number of new AFDC cases rose also. When unemployment dropped, the number of new cases dropped. (In this "model," I assumed that unemployment was the moon and AFDC the tide; in logic it could be the reverse, but to govern, as President Kennedy said, is to choose!)

Then this relation disappeared. Unemployment went down, and AFDC up. When I finally sent this data to President Lyndon B. Johnson, the negative relationship had existed for only two years, 1962–64. But this had been preceded by four years in which the positive relationship had steadily weakened. My hypothesis that employment and unemployment in the very near term controlled social dispositions was seemingly disproved. Something else was going on. And so I put it to the president that the society was entering a welfare crisis.

My data, subsequently published in *Daedalus*, the journal of the American Academy of Arts and Sciences, and in *The Annals* of the American Academy of Political and Social Science have not to my knowledge been disputed by social scientists.[11] The findings, of course, gave rise to intense controversy, but this turned on the presumed implications of the data. The data themselves have never been challenged.

As it happens, a number of scholars have in recent years returned to this subject and have confirmed my projections. Writing in the Summer 1980 edition of *The Wilson Quarterly*, Graham B. Spanier sums up: "That general prediction has proven correct. . . ."[12] What some statisticians have called "Moynihan's Scissors"—the sudden crossing of the curves—accurately forecast a major social development of the subsequent 15 years.

Data make a difference. Ours is scarcely a purely rational society, and anything but conflict-free. But we are, in the main, a well-intentioned society, capable of learning. The great welfare initiatives of the 1960s and 1970s arose as much as anything from data demonstrating the need for change.[13]

IMPACT ON CHILDREN

I make this point by way of introducing a new body of data which argues that however much the impulse may have faltered, the need for change is as great as ever. The data may be summarized as follows:

1. It appears that one-half of the children now being born are likely to live in female-headed households at some point prior to their 18th birthday. This includes 40 percent of majority children and 75 percent of minority children.

2. Two-thirds of female-headed households with children now receive AFDC payments.

3. Before their 18th birthday, one-third of all children now being born are likely to live in a female-headed household receiving AFDC payments.[14]

Year	Percentage of children born that year likely to reside in female-headed households prior to age 18	Average annual percentage of female-headed households with children receiving AFDC	Percentage of all children born that year likely to live in female-headed households receiving AFDC, prior to the 18th birthday
1940	31	23	7
1950	33	52	17
1960	35	64	22
1965	37	70	26
1970	40	78	31
1975	45	74	33
1978	48	67	32
1979	50	NA	NA

I wish to be explicit that these data do not in any way bear on the subject of whether the existing welfare system leads to family breakup. To my knowledge there is no evidence one way or another for this proposition and never has been. If the absence of research on a subject about which every other president and every secretary of Health, Education, and Welfare in the modern age has confidently expounded uniform convictions is surprising, it should be understood as a characteristic of the present system. Some years ago, Lee Rainwater pointed to a tendency of professionals in social welfare to "protect the good name of the poor and disadvantaged" by discouraging, even obstructing certain kinds of research.[15] At minimum it might have been supposed that of the hundreds of millions of dollars spent on research by HEW (now Health and Human Services) some effort would have been made to calculate the rates set forth in the table seen on page 8. None has.

CHANGING WELFARE POPULATION

On the other hand, it may be said that these data are consistent with current observations and projections concerning the nature and extent of poverty in the United States. Although the two are not the same, poverty is increasingly a problem of dependency; they commence now to intersect. In 1976, for the first time, the number of poor living in female-headed families surpassed the number of poor in male-headed families.[16] In its 1980 report to the president, an annual feature of the Economic Opportunity Act of 1964, the National Advisory Council on Economic Opportunity stated:

"All other things being equal, if the proportion of the poor who are in female-headed families were to increase at the same rates as it did from 1967 to 1977, the poverty population would be composed solely of women and their children by about the year 2000."[17]

This is a bold forecast, beyond the range of the present data. It assumes that a rate of increase that existed in one decade will persist for 23 more years. While it seems implausible that the entire "poverty population" would ever consist of persons living in female-headed families—the proportion of female-headed family persons within the total poverty population rose to 53 percent in 1978, but slipped back to 52 percent in 1979—certainly the same kinds of developments that raised the proportion from 38.1 percent to 51.0 percent in ten years could raise it considerably further by the end of the century.

Again, this must be allowed to be a condition especially pronounced among minority groups. Dr. Robert B. Hill of the National Urban League writes in his chapter on "Black Families in the 1970s" in *The State of Black America* 1980:

"While the number of poor white families declined by two percent . . . between 1969 and 1978, the number of poor Black families rose by 19 percent . . . Because of the sharp rise in the number of Black families headed by women, they accounted for all of the increase in the number of poor Black families over the decade. While the number of poor Black families headed by men fell by 34 percent . . . between 1969 and 1978, the number of poor Black families headed by women soared by 64 percent." [18]

PERILOUS PROSPECT

In sum, more and more children will spend some or all of their early years in female-headed households. Most of these youngsters will be on welfare at some point. But not all will receive public assistance. Some will not need it. Others will need it, but will not satisfy the complex and uneven requirements of the various states and hence will not get it.

The social consequences of a childhood spent with only one parent extend beyond issues of welfare policy. Consider the report on "One-Parent Children in the Schools," related by the National Association of Elementary School Principals on July 28, 1980.[19]

One-parent children, on the whole, show lower achievement in school than their two-parent peers . . . Among all two-parent children, 30 percent were ranked as high achievers, compared to only 17 percent of one-parent children. At the other end of the scale, the situation is reversed. Only 24 percent of two-parent children were low achievers—while fully 40 percent of the one-parent children fell in that category.

There are more clinic visits among one-parent students. And their absence rate runs far higher than for students with two parents, with one-parent students losing about eight days more over the course of the year.

One-parent students are consistently more likely to be late, truant, and subject to disciplinary action by every criterion we examined, and at both the elementary and secondary levels . . . one-parent children are more than twice as likely as two-parent children to give up on school altogether.

In terms of group relations, such research findings augur continuing anguish. For there can be, there is, no equality among groups without some equivalence of social structure, for good or ill. This is a judgment, to be sure, but I hold to it.

What are the prospects for changes that might lead to improvements? Let it be said at the outset that there is less prospect in the 1980s for a guaranteed income, in the sense of a universal program available to dependent and non-dependent alike, than there was in the 1970s. The Democratic party, when in control of both the presidency and the Congress, could not enact one. The Republican party, now in control of the presidency and one house of the Congress, is adamantly opposed. Just as importantly, the results of the negative income tax experiments begun in the 1960s have been anything but reassuring with respect to the effect on social structure. Simply stated, there appears to have been more breakup among those families receiving a guaranteed income than among those that did not.[20]

George Gilder, in his stimulating book, *Wealth and Poverty*, ascribes to me a measure of blame for having set us off in this policy direction, which I accept. He notes that my "preferred policy was always child allowances," but I urged the guaranteed income scheme on the new administration in 1969 because I thought it would be more politically appealing. He writes, "The result was a lost decade of initiatives of little political appeal or objective validity." [21]

This is a view that might reasonably be shared by Dr. Martin Anderson, who took part in the deliberations concerning the Family Assistance Plan of 1969 and returned to Washington in 1981 as Senior Advisor to President Ronald W. Reagan. In his own book, *Welfare*, Anderson argues that one lesson to be drawn from our recent experience is that "Radical welfare reform or any variety of a guaranteed income is politically impossible" for no such "plan can be devised that will simultaneously yield minimum levels of welfare benefits, financial incentives to work, and an overall cost to the taxpayers that are politically acceptable." [22]

HAS THE WAR ON POVERTY BEEN WON?

It is also Dr. Anderson's view, however, that "radical" welfare reform is unnecessary. He contends that "the war on poverty" that began in 1964 has been largely successful. "The growth of jobs and income in the private economy, combined with an explosive increase in government spending for welfare and income transfer programs, has virtually eliminated poverty in the United States." [23] He urges that future reform efforts be directed to increasing efficiency, decreasing "fraud," enforcing a "fair, clear work requirement" and shifting more responsibility for policy and administration from Washington to state and local governments.

Dr. Anderson's proposals are based on the stated assumption that "There is no way that the Congress, at least in the near future, is going to pass any kind of welfare reform that actually reduces payments for millions of welfare recipients" and that even if Congress were to pass such a bill "no President could resist vetoing" it.[24]

But surely there is an elemental case for maintaining the existing level of benefits. Whether they be "high" or "low," there is no case for making them lower.* Yet this is what the decade did. Not by act of Congress, to be sure, nor with explicit presidential sanction, but by inaction, by failure at both the national and state levels to maintain the purchasing power of welfare benefits.

INFLATIONARY EROSION

In February 1980, the Subcommittee on Public Assistance of the Senate Finance Committee held hearings on this matter. Data compiled by the Department of Health and Human Services were presented and analyzed by government officials and expert outside witnesses. It was shown that the average monthly AFDC benefit paid to families rose from $171 in 1969 to $272 in 1980. In constant dollars, however, the average benefit declined by 56 percent during those years.

Taking the 20 states then represented on the Finance Committee as a sample, Professor Leonard Hausman of Brandeis University pointed out that 12 had experienced benefit declines between 1973 and 1978. In Georgia, the decline was one-third. In Texas, there has been no change since 1969 (save for a temporary $5 increase in 1979) in the maximum benefit payable to a family of four with no other income. That payment of $140 a month—an annual income of $1,680—today buys less than half what it bought 11 years ago.[25]

In New York State, always so self-congratulatory in these matters, the basic allowances (exclusive of shelter) for a family of four was set at $258 in 1974. At the outset of 1981 it remained $258 although consumer prices increased 64 percent in that period.[26] To buy the same amount of food and clothing that could be purchased with $258 seven years ago would require $428 in 1981.[27]

The result is that in New York City today we find the paradox of the nation's largest welfare caseload, daily erosion of the real benefits paid to those hundreds of thousands of children, and a city in fiscal difficulty that, under the present arrangements, would nevertheless have to come up with a full quarter of the additional monies needed to provide any increase at all.

This suggests the fundamental difference in the context of welfare reform efforts today, as against a decade ago. In 1970, it was reasonable to point to states such as New York, that had striven for an adequate standard of common provision for their dependent populations, as the standard toward which other states and regions should be moved by the Federal government.

Today the so-called "high benefit states" can seemingly no longer afford to maintain those benefits. It is, therefore, no longer satisfactory to speak of welfare reform only in terms of increasing payments in a dozen southern and southwestern states (though they are low, and raising them remains an essential element). Nor is it any longer acceptable to design proposals that would transfer more resources out of weakening economies such as those of the northeastern industrial states and into the economies of ever more prosperous regions.

The AFDC program is caught in a fiscal trap. Because it is not "indexed," whilst every other Federal income maintenance program of any consequence is indexed, whatever additional Federal revenues are allotted to what we now call "Budget Function 600, Income Maintenance," are needed to pay for automatic increases in the indexed programs.

SHRINKING AFDC

The Federal budget grew from $400 billion in fiscal 1976 to $637 billion in fiscal 1981. One would suppose a few social initiatives could be squeezed out of an additional $237 billion. Or at least that needy children could be spared the full burden of inflation. But they have not been. "Uncontrollables" account for more than 70 percent of the entire increase in Federal outlays since 1977, and for almost 90 cents of every dollar of increased social spending. As a percent of the Federal budget, outlays for AFDC have shrunk from 1.6 percent in fiscal 1973 to 1.4 percent in fiscal 1977 to 1.1 percent in fiscal 1980.

It may be observed that the "new" Congressional budget process, something much favored in the early 1970s by reform groups, has had consequences not anticipated at the time. Frank C. Ballance of the Carnegie Endowment for International Peace observed in 1980 that "The Budget Act, a well-intentioned reform for Congressional reconciliation of revenues and expenditures, has spawned a time-consuming and complex budget process and forces accommodation in a way that has the greatest impact on the weakest programs." [28]

BLOCK GRANTS TO STATES

The Republican Administration came to office in 1981 pledged to cut the budget, to reduce taxes, and to transfer responsibility for welfare back to the states in the form of "block grants."

The latter phrase implies two quite distinct ideas. The first is fiscal: Washington will replace its system of open-ended "matching payments" (under which it now reimburses states from 50 to 83 cents, according to a formula, of each dollar they expend on AFDC) with a specified sum provided to each state every year in the form of a "Federal contribution" to the costs of welfare. If the state spends more, it must use its own money. If it spends less, it can keep the remainder.

The second idea concerns program policy: in place of a federally designed and essentially national program (albeit with cer-

Footnotes at end of article.

tain state variations, such as maximum benefit levels) that embodies a long list of "protections" for recipients with earnings, that prescribes the rate at which benefits are to be reduced for recipients with earnings, that bars requiring recipients to work in return for their benefits, and that makes other benefits (such as Medicaid) automatic, a block grant program would empower the states to make these and other such policy decisions.

The first of these propositions—to replace open-ended "matching payments" from the Federal government—has considerable appeal. Senators Alan Cranston, Russell B. Long and I proposed a variation of it in 1978, after the Carter proposal had died and when it looked as if nothing at all were going to happen. (In the end, of course, nothing did.) That bill, however, would *not* have removed the recipient protections contained in the Social Security Act. It would merely have altered the fiscal arrangements from a reimbursement scheme to an annual Federal "contribution" that would increase as the cost of living (and the unemployment level) rose. The point was both to provide some immediate fiscal relief to state and local governments *and* to make it possible for them to insulate welfare recipients from the depredations of inflation.

Erasure of the national standards for AFDC as put forward in the second proposition raises the most profound questions about the relationship between the Federal government and the millions of dependent American children in one-parent households.

Either the nation does have a responsibility for the welfare of these children, or it does not. I hold to the belief that it does, and that it cannot renounce that responsibility in the name of "reform."

AIM: TO AID CHILDREN

AFDC is a program for aiding dependent children. That it incidentally aids their mothers—and a handful of fathers—is beside the point. I have little patience with welfare reform "debates" that hinge on the question of whether a given proposal will or will not increase the "incentive" for adults to "work." A woman with two or three or four young children and no husband ordinarily cannot work, at least not without elaborate (and expensive) day care arrangements. AFDC is not a program to subsidize leisure; it is a program to enable a hard-pressed woman to keep a roof over the heads, clothes on the backs, and food in the mouths of her children.

Providing such aid has been a responsibility of the Federal government since 1935. It is a basic component of our national arrangements for common provision, as embodied in the Social Security Act. It is as basic as benefits for the elderly, for the unemployed and for the disabled. It is the proper task of the national government.

Any number of specific administrative arrangements can be devised for fulfilling that responsibility. Myriad fiscal mechanisms can be imagined. Some could take the form of "block grants" to states. Others, in the manner of Supplemental Security Income, would be entirely national. These are details, and while they are often intricate and always important, they matter less than the criterion by which their desirability will be measured. And the essential criterion is simplicity itself: will a given arrangement provide a better life for the children affected by it?

There is this central fact. An astonishingly large and evidently still increasing proportion of American children grow up in circumstances that significantly impair their prospects in life. This increase was foreseen. Nothing was done to prevent it. Or in any case, nothing did. To accept it as normal would be indifference to pain. Worse, the problem is now so extensive that to allow it to persist without a sustained effort to reverse it would constitute an indifference to the well being, even the security of the nation itself. In 1969 a new Republican administration showed a far greater boldness in this matter than had its Democratic predecessor. Is it possible that history will repeat itself?

TECHNICAL NOTE

The data in the Table were calculated by:

(1) Estimating the percentage of babies born in a given year who are likely to reside in a female-headed household before turning 18.

(2) By calculating the average percentage of female-headed households with children under 18 who receive AFDC during a 15-year period including and following the child's year of birth; and

(3) By multiplying the results of the above computations in order to estimate the percentage of all children born in that given year likely to receive AFDC at some point in their minority.

Data were calculated for 1940, 1950, 1960, 1965, 1970, 1975 and 1978. For the more recent years, when the 15-year average used in step (2) is unobtainable (i.e., 1965, 1970, 1975, 1978), we instead averaged over the longest period of time for which data are available the annual percentage of female-headed households with children under 18 receiving AFDC.

(A) The methodology for estimating the percentage of babies born in a given year likely to reside in a single-parent household before reaching their majority was developed by Arthur J. Norton, Assistant Chief of the Population Division, Bureau of Census, Department of Commerce. His methodology, which is based on a consideration of trends in premarital births, divorce, long-term separation and death, was adapted to apply only to female parents. The following is a step-by-step description of the computations.

(1) Premarital births. To find the percentage of babies born out of wedlock that will live in a female-headed household for at least one year following birth, the illegitimacy ratio for a given year was multiplied by the percentage of illegitimate babies retained by their mothers, then by the percentage of mothers who remained unmarried for at least one year following childbirth. Norton estimated that 90 percent of premaritally born children are retained by their mothers, and that this has held true over the past 40 years.

(2) Divorce. We reduced the original cohort of babies by the result of Calculation (1), and multiplied the reduced cohort by the estimated percentage of first marriages of young adults likely to end in divorce. As this estimate is upwardly influenced by persons who had borne a child before marriage and by childless couples, we reduced the figure by four percent. James McCarthy of Princeton University's Office of Population Research developed a methodology for estimating and supplied estimates of the percentage of first marriages of young adults likely to end in divorce (McCarthy, "A Comparison of the Probability of the Dissolution of First and Second Marriages," *Demography*, Vol. 15, No. 3, August 1978, 345–359). Note that this figure will not account for children born to young women with husbands or for babies born to older women (over 45).

(3) Separation. We obtained estimated percentages of long-term separations which either end in reconciliation or last indefinitely.

(4) Death of male parent. We subtracted the results of Calculations (2) and (3) from the reduced cohort of babies to find the number of babies expected to live in a two-parent home except in case of death of a parent. For each year, we obtained estimates of the percentage of male parents who died while their children were under 18, then multiplied this figure by the remaining pool of babies. Charles Westoff of Princeton's Office of Population Research calculated our estimates of parental deaths according to Norton's methodology. He used a life table to estimate the survival rate of men at 28 years (the average age of childbearing women is 26, and the average husband is two years older than his wife). As life tables are not stratified by marital status, he reduced the percentage of non-survivors by 20 percent on the assumption that married persons have a somewhat greater longevity than non-married persons.

(5) Final Results. We added the results of Calculations (1) through (4) to obtain an estimate of the percentage of babies born in that year likely to reside in a female-headed household before their 18th birthday.

(B) To find the average percentage of female-headed households with children receiving AFDC over a 15-year (or other period) of time, we divided the average number of female-headed households receiving AFDC in each year of that time period by the average number of female-headed households with children in each year of that same period. To estimate the percentage of all children born in a given year likely to receive AFDC before their 18th birthday, we multiplied the results of Calculation (A) by the results of Calculation (B).

(The author is indebted to the following people for their valuable assistance in the preparation of this article: Vee Burke, Margaret Malone and P. Royal Shipp III, Education and Public Welfare Division, Congressional Research Service; Emmet Dye, Howard Oberheu, Carolyn Piper and John Todd, Department of Health and Human Services; Paul Glick, Gordon Green, Arthur Norton, Jennifer Peck and Arlene Saluter, Bureau of the Census; Arthur Horn and Dorothy Reazen, National Center for Health Statistics; Charles Westoff, Office of Population Research, Princeton University; and Elise Rabekoff, Margaret Fibel, Beverly McClosky, and Chester E. Finn, Jr., of his Senate staff.)

FOOTNOTES

[1] Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte* (New York: International Publishers), 1963, p. 15.

[2] FAP passed the House of Representatives as H.R. 16311 on April 16, 1970, and again as part of H.R. 1, the Social Security Amendments of 1971, on June 22, 1971.

[3] For a general history of this legislation, see M. Kenneth Bowler, *The Nixon Guaranteed Income Proposal: Substance and Process in Policy Change* (Cambridge, Mass.: Ballinger), 1974; Vincent J. and Vee Burke, *Nixon's Good Deed: Welfare Reform* (New York: Columbia University Press), 1974; Moynihan, *The Politics of a Guaranteed Income: The Nixon Administration and the Family Assistance Plan* (New York: Random House), 1973.

[4] For example, see John F. Cogan, "Negative Income Taxation and Labor Supply: New Evidence from the New Jersey-Pennsylvania Experiment" (Santa Monica, Calif.: Rand Corporation, February 1978); and U.S. Department of Health, Education and Welfare, "Summary Report: New Jersey Graduated Work Incentive Experiment," December 1973.

[5] Congressional Budget Office, "The Administration's Welfare Reform Proposal: An Analysis of the Program for Better Jobs and Incomes," April 1978, p. 40.

[6] See statement of Vernon E. Jordan, Jr., Executive Director, National Urban League, in United States Senate, Committee on Finance, Social Security Amendments of 1971. Hearings on H.R. 1 (FAP), 92nd Congress, First and Second Sessions, vol. 4, pp. 2210–2220.

[7] Statement before the National Urban Coalition Action Council, July 1, 1970, cited in *The Washington Post*, July 2, 1970.

[8] *The Washington Post*, December 14, 1980.

[9] *The Washington Post*, December 22, 1980.

[10] *The Washington Post*, December 22, 1980.

[11] Daniel Patrick Moynihan, "Employment, Income and the Ordeal of the American Negro," *Daedalus*, Fall 1965, pp. 745–770; "Urban Conditions: General," *The Annals* of the American Academy of Political and Social Science, May 1967, pp. 159–177.

[12] Graham B. Spanier, "Outsiders Looking In," *The Wilson Quarterly*, Summer 1980, p. 130.

[13] See President Johnson's March 16, 1964 message to Congress declaring the "War on Poverty," and submitting the Economic Opportunity Act of 1964, 88th Congress, Second Session, Document No. 243. In his message, President Johnson speaks to the needs of the ". . . millions of Americans—one-fifth of our people—who have not shared in the abundance which has been granted to most of us, and on whom the gates of opportunity have been closed" (p. 1).

[14] For an explanation of the methodology used in these calculations, see technical footnote following text.

[15] Lee Rainwater and William L. Yancey, *The Moynihan Report and the Politics of Controversy* (Cambridge, Mass.: The MIT Press, 1967), p. 176.

[16] Bureau of the Census, *Current Population Reports*, Series p–60, No. 120, Table 18.

[17] National Advisory Council on Economic Opportunity, "Twelfth Report to the President: Critical Choices for the 80s," August 1980, p. 19.

[18] Robert B. Hill, "Black Families in the 70s," *The State of Black America 1980*, National Urban League, January 22, 1980, p. 43.

[19] *The Most Significant Minority: One-Parent Children in the Schools: First Year Report of a Longitudinal Study of School Needs of Children from One-Parent Families*, Co-sponsored by the National Association of Elementary School Principals and The Institute for Development of Educational Activities, a division of the Charles F. Kettering Foundation (Arlington, Virginia, July 28, 1980).

[20] Evidence from the Seattle/Denver Income Maintenance Experiment indicates that "For whites . . . 13.6 percent of the control group and 18.5 percent of the experimental group's marriages had dissolved within 2½ years—an increase of 36 percent. Among Black families, 19.1 percent of the control group and 27 percent of the experimental group's marriages had dissolved within 2½ years, a 42 percent increase." (John Bishop, "Jobs, Cash Transfers, and Marital Instability: A Review and Synthesis of the Evidence," *Journal of Human Resources*, Summer 1980, p. 312.) For further information on the effects of a guaranteed income on marriage dissolution see *Welfare Reform and Experimentation*, United States Senate Committee on Finance. Subcommittee on Public Assistance, November 15, 16, 17, 1978; see also Nancy Brandon Tuma, Michael T. Hannan and Lyle P. Groeneveld, "Dynamic Analysis of Marital Stability," Center for the Study of Welfare Policy, Research Memorandum 58, Revised September 1978; and "Income and Independence Effects of Marital Dissolution: Results from the First Three Years of SIME/DIME," Center for the Study of Welfare Policy, Research Memorandum 63, July 1979.

[21] George Gilder, *Wealth and Poverty* (New York: Basic Books, 1981), p. 126.

[22] Martin Anderson, *Welfare: The Political Economy of Welfare Reform in the United States* (Palo Alto, Calif.: Hoover Institution Press, Stanford University, 1978), p. 133.

[23] *Ibid.*, p. 15.

[24] *Ibid.*, p. 133.

*Editor's Note: The case for *not* interceding against the inflationary erosion of welfare benefits is made by Tom Bethell in *Real Reform*, "The Journal/The Institute for Socioeconomic Studies," Vol. V, No. 3, Autumn 1980, p. 29 ff.

[25] Statement by Leonard Hausman, "How to Think About Welfare Reform in the 1980s," testimony delivered February 6, 1980, before the United States Senate, Committee on Finance, Subcommittee on Public Assistance, pp. 183–184.

[26] The prognosis for a rise in New York's welfare benefits seems to be improving. In his State of the State message on January 7, 1981, Governor Hugh L. Carey proposed a ten-percent increase per year for the next two years in AFDC benefit payments. The New York State Assembly passed a ten-percent increase in their 1980 session, but this measure was not approved by the State Senate. However, a *New York Times* article of December 31, 1980 details State Senate Majority Leader Warren Anderson's support for a 15-percent increase in AFDC payments. I am hopeful the state will finally enact a rise in welfare benefit levels this legislative session.

[27] Food Stamp benefits have increased, to be sure, and these are wholly paid for by the Federal government. Medicaid payments have increased as well. And New York's AFDC shelter allowance has risen somewhat, also. But Food Stamps cannot be used to pay the heating bill or to buy winter shoes. Thirty-six percent of New York City's welfare recipients must pay more for housing than the "shelter allowance" provides. And, as *The New York Times* pointed out on December 6, 1980, those who receive more in Medicaid benefits are sicker, not richer, than those who do not. See Dr. Blanche Bernstein, letter to the editor, *The New York Times*, November 29, 1980, and editorial rejoinder. December 6, 1980.

[28] Frank C. Ballance, "A Built-In Weakness," *The New York Times*, July 23, 1980.●

By Mr. TOWER:

S. 857. A bill to impose quantitative restrictions on the importation of lamb meat; to the Committee on Finance.

LAMB MEAT QUOTA ACT OF 1981

Mr. TOWER. Mr. President, I introduce legislation today that is of great importance to the survival of our domestic lamb meat producers. It is of particular importance to the sheep and lamb industry in Texas. Texas leads the Nation in sheep and lamb numbers, with approximately 2.4 million head.

I am most concerned that the level at which imported lamb meat is subsidized by the foreign countries from which it is exported is contrary to American law and inconsistent with international trade agreements between such countries and the United States.

The legislation I introduce is companion legislation to that of Representative TOM LOEFFLER of the 21st Congressional District of Texas. We seek to lessen the immediate threat of our domestic lamb meat producers face.

Mr. President, I request that the complete text of my bill be printed in the RECORD.

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

S. 857

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Lamb Meat Quota Act of 1981".

SEC. 2. The Congress finds—

(1) that lamb meat imported into the United States is in direct competition with lamb meat produced in the United States;

(2) that the level at which substantial amounts of imported lamb meat is subsidized by the foreign countries from which it is exported is contrary to American law and inconsistent with international trade agreements between such countries and the United States; and

(3) that the level of lamb meat imports into the United States poses an immediate and serious threat to the economic survival of the lamb meat producers of this Nation.

SEC. 3. For purposes of this Act—

(1) The term "domestic price" means the average of the prices received by farmers for lamb.

(2) The term "entered" means entered, or withdrawn from a warehouse, for consumption in the customs territory of the United States.

(3) The term "lamb meat" means the articles provided for in item 106.30 (relating to fresh, chilled, or frozen lamb meat) of the Tariff Schedules of the United States (19 U.S.C. 1202).

(4) The term "parity price" shall have the meaning given it in section 301(a)(1) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(a)(1)) and shall be determined in accordance with section 301(a) of such Act, except that any reference to "any agricultural commodity" or "such commodity" in section 301(a) of such Act shall be deemed to be a reference to lamb.

(5) The term "Secretary" means the Secretary of Agriculture.

SEC. 4. (a) The aggregate quantity of lamb meat that may be entered during any calendar year after 1981 may not exceed, except as provided in subsection (b), the smaller of the following amounts:

(1) 31,000,000 pounds, or

(2) an amount equal to 12 percent of the domestic slaughter of lamb during the calendar year that immediately precedes the calendar year for which such aggregate quantity of lamb meat is to be established under this subsection.

(b) The Secretary shall estimate, before the close of each of the first three calendar quarters of any calendar year after 1981, whether the domestic price of lamb during the calendar quarter involved exceeds the parity price of lamb. If the Secretary estimates that the domestic price of lamb during such calendar quarter—

(1) equals or exceeds 95 percent of the parity price of lamb for such calendar quarter, then the aggregate quantity of lamb meat established under subsection (a) for such calendar year shall be increased, commencing with the immediately succeeding calendar quarter, by 5 percent, or

(2) is less than 95 percent of the parity price of lamb for such calendar quarter, then, without regard to whether an increase is in effect under paragraph (1) for such calendar year, the aggregate quantity of lamb meat established under subsection (a) for such calendar year shall apply during the calendar quarter immediately succeeding such calendar quarter.

(c) Notwithstanding any other provision of this Act, the total quantity of lamb meat that may be entered during any calendar quarter in any calendar year after 1981 may not exceed 27 percent of the aggregate quantity of lamb meat estimated for such calendar year under subsection (a) as adjusted, if applicable, under subsection (b).

(d) For each calendar year after 1981, the Secretary shall estimate, on the basis of the best information available at the time, and publish—

(1) before the first day of such calendar year, the aggregate quantity of lamb meat established under subsection (a) for such calendar year, and

(2) before the close of each of the first three calendar quarters in such calendar year, the domestic price of lamb during the calendar quarter involved and, if subsection (b)(1) applies, the adjusted aggregate quantity of lamb meat established under subsection (a) for such calendar year.

SEC. 5. The Secretary shall allocate the aggregate quantity of lamb meat established under section 3(a) for any calendar year (as increased, if applicable, under section 3(b)) among supplying countries on the basis of the shares of the United States market for lamb meat such countries supplied during a representative period. Notwithstanding the preceding sentence, due account may be given to special factors which have affected or may affect the trade in lamb meat. The Secretary shall certify such allocations to the Secretary of the Treasury.

SEC. 6. (a) The Secretary shall issue such regulations as he determines to be necessary to prevent circumvention of the purposes of this Act. The Secretary of the Treasury shall issue such regulations as may be appropriate to ensure, to the extent practicable, that the country of origin of lamb meat subject to this Act is indicated to consumers who purchase lamb meat at retail prices.

(b) All determinations by the Secretary under this Act shall be final.

By Mr. DURENBERGER:

S. 858. A bill to amend the Internal Revenue Code of 1954 to provide estate tax equity for family farms and other enterprises, and for other purposes; to the Committee on Finance.

FAMILY FARM PROTECTION ACT OF 1981

● Mr. DURENBERGER. Mr. President, today I am introducing legislation on behalf of the American farmer. Estate taxes are destroying the prosperity of these hard-working Americans. The Tax Reform Act of 1976 made important steps to alleviating this onerous burden. My bill, the Family Farm Protection Act of 1981, would correct certain problems that have arisen in the implementation of the 1976 provisions as well as expand the use of some of them to further enable these families to carry on the family business.

This legislation reflects my belief that tax policy should be aimed at decisions we make while we are alive, not those we are now forced to make in anticipation of dying.

The Federal estate tax is one of the most unfair taxes because of the burden it places on low- and middle-income persons. The estate tax represents about 1.2 percent of all Federal tax revenue, approximately $6.5 billion per year. Most of the burden falls on people with estates of $500,000 or less. In fact, under my reform legislation, more than 9 out of 10 estates would be exempt from the tax.

While the 1976 Tax Reform Act recognized the unfairness of the Federal estate tax and made two changes of vital importance to farmers, it did not go far enough.

The first change in 1976 raised the amount of the estate that is excluded from taxation from $60,000 to $175,000. That exclusion is clearly insufficient in these times of high inflation. My bill would increase this exclusion to $600,000 so that only the largest estates would have to bear the burden of estate taxes.

The second major change of the 1976 act is called the special use valuation provision. Prior to the 1976 change, the value of property included in the gross estate of a decedent generally was its fair market value at the date of death—the price at which property would change hands in an arm's-length transaction. One of the most important factors used in determining fair market value is the highest and best use to which the property can be put, rather than the actual use of the land at the time.

For example, farmland that could be used for a subdivision of new homes would have a much higher value—and thus a much higher estate tax—than its value as farmland. In many cases the greater estate tax burden made continuation of farming or other business activity infeasible because the income potential from these activities was insufficient to service extended tax payments or loans obtained to pay the tax.

Recognizing that fair market valuation was severely undermining the ability of families to carry on the family business, Congress passed the special use valuation provision. Under this provision, section 2032A of the Internal Revenue Code, real property used in farming or certain other businesses would be valued at its present use, rather than the highest and best use, up to a reduction in the gross estate of $500,000.

However, Congress realized that it would be a windfall to the beneficiaries of an estate to allow the real property to be valued at the special use valuation unless the beneficiaries continue to use the property for the same purpose for a reasonable period of time. Therefore, Congress provided for a recapture of the estate tax benefit where the land is sold or converted to a nonqualifying use within 15 years of the decedent's death.

Five years and four sets of IRS regulations later, experience has shown us where improvements must be made in the special use provision. My bill would make a number of changes in the special use rules to achieve the purpose of the 1976 changes—protecting the family business from sale because of onerous estate tax burdens.

First, the bill eliminates the $500,000 cap on the special use valuation, thus allowing the entire qualifying estate to be valued at its current rather than highest and best use. Inflation and speculative pressures have caused real property values to soar in the last half decade. The family farmer and small business person suffer from inflation in two ways. First, inflation causes operating expenses to skyrocket and profits to dissipate. Second, inflated real estate values contribute to exorbitant estate tax bills, even when the special use valuation is elected. Therefore, this legislation lifts the $500,000 lid.

Second, this bill explicitly allows property cash rented to a family member to qualify for special use valuation, thereby clarifying the intent of the 1976 act. The Internal Revenue Service has issued regulations disallowing special use valuation if the farm was cash rented by the decedent to his heirs. The committee report accompanying the 1976 act clearly states that such passive rental of the farm was not meant to disqualify the estate where "a related party leases the property and conducts farming or other business activities on the property. The real property may qualify for special use valuation."

If the decedent, before he dies, wishes to retire and cash lease his farm or business to his heir, he should be entitled to do so. However, the final IRS regulations do not consider cash-rented property, even though rented to an otherwise qualified heir, "qualified" property because they consider the mere passive rental of property not to be a "trade or business use." Consequently, if enforcement of the IRS regulations as to family members were to continue, the number of farm and other businesses involved in cash rentals would be severely or eliminated altogether.

Additionally, discouraging the cash rental of qualified property is totally inconsistent with other provisions of the code. Under the Social Security Act, a crop-sharing arrangement may cause a farmer's rental income to be treated as self-employment earnings, thereby reducing or eliminating social security benefits to which that farmer would otherwise be entitled. On the other hand, cash rental is not treated as self-employment earnings for social security purposes. Therefore, we have one section of the code clearly encouraging elderly individuals to cash rent their qualified property while the IRS regulations preclude them from obtaining the lower estate tax benefit under the special use valuation.

Third, this bill provides that the "material participation" requirement for qualification for special use valuation need only be met until the date upon which the decedent retires or becomes disabled.

In drafting the special use valuation provision, Congress incorporated the "material participation" requirement to avoid creating a new loophole for the "Wall Street Cowboy"—the wealthy investor who owns a farm for speculative purposes. Material participation by the decedent or a member of the decedent's family prior to his death and by the heir following the decedent's death are required.

The "material participation" requirement strikes an injustice on the decedent's estate if he suffered a prolonged illness prior to his death or if he simply wanted to retire to enjoy the fruits of his many years of hard work. Therefore, Mr. President, this bill provides that the "material participation" requirement for qualification for special use valuation need only be met until the date upon which the decedent retires or becomes disabled.

Fourth, this bill provides that "active management" rather than "material participation" will qualify, under certain circumstances, for the special use valuation. The majority of surviving spouses is women. Many widows have literally invested their entire lives in raising a family and managing the household yet they may not be experienced in or physically able to "materially participate" in the day-to-day operation of a farm or

other trade or business. Currently, absent their "material participation" in the business inherited from the decedent, they lose the special use valuation and must pay estate taxes on the highest and best use of this property.

Therefore, this bill explicitly provides that for farms or other business real property inherited from a spouse and qualifying for special use valuation, an "active management" rather than a "material participation" test may be used. "Active management" is defined to mean the making of the management decisions of a business, other than the daily operating decisions.

Fifth, this bill provides that qualification for special use valuation can be attained in the case of woodlands if the decedent or a member of his family is engaged in their "active management" for the 10-year period prior to his death.

Sixth, this bill reduces from 15 to 10 years the time for recapture of estate tax benefits. Currently, if qualified property that was subject to the special use valuation is sold or otherwise converted to a nonqualified use within 15 years after the decedent's death, a ratable portion of the estate tax benefit is recaptured. Under this bill that time period would be reduced to a more reasonable 10 years.

Seventh, this bill provides that an agent of the qualified heir may meet the "active management" test where the qualified heir is a spouse, with respect to farm property, or in the case of other property, where the qualified heir is a surviving spouse of the decedent, a minor, a student or is disabled.

Again, Mr. President, this bill makes explicit the intentions implicit in the 1976 law. Clearly, Congress does not want to preclude favorable estate tax treatment to the surviving heir because that person is disabled or may be too young to participate in the operation of the business.

Eighth, this bill permits crop-share rentals as well as cash rentals to qualify for special use valuation. The 1976 law includes two methods for valuing qualified property. The first method, which is available only for farms, involves the use of a mathematical formula based on cash rentals. The second method involves the use of commonly accepted appraisal factors such as income capitalization. Because farms in Minnesota as in other States are frequently rented on a crop-share basis, my bill permits crop-share rentals to be used in place of or in addition to cash rentals in the valuation formula. This provision simply clarifies the 1976 special use valuation formula when no comparable cash rents are available.

Ninth, this bill permits the exchnge of like-kind qualified property without incurring a recapture of tax. In other words, if an heir inherited a farm or closely held business that had been valued under the special use valuation rules, and that heir desired to carry on the business, for example, near his current residence or near other family members in a different location, the heir may do so. Under current law, an heir cannot do this without triggering a recapture of Federal tax.

Tenth, this bill eliminates the requirement that the heir must make an election in order not to have a recapture of tax after an involuntary conversion. It is unfair to require an election when inadvertence in failing to elect could cause a severe hardship.

Eleventh, this bill provides that, upon recapture of the estate tax, the basis of the property would be increased to its fair market value on the date of the decedent's death.

Mr. President, the last provision of my bill does not deal with the special use valuation provision but is equally essential to facilitating the goal of keeping the farm in the family. This provision would set the interest rate on extended payments of estate taxes at the lesser of 6 percent or 75 percent of prime.

The interest rate on extended estate taxpayments was set at 9 percent in 1975 with adjustments to be made periodically by the Treasury Department to keep it approximately equal to 90 percent of the prime rate. Effective on February 1, 1976, the interest rate was adjusted downward from 9 percent to 7 percent and later to 6 percent. On February 1 of last year the interest rate increased from this 6 percent to 12 percent and will stay there for 2 years unless changed by this legislation.

Because of these high interest rates, the deferred payment provisions have proven inadequate to deal with liquidity problems experienced by estates in which a substantial portion of the assets consists of a farm or a closely held business, or other illiquid assets.

In many cases with farms as well as other businesses, the rate of return is so low that they are unable to make the extended payments with such a high interest rate. Too often that means selling the family farm we are trying to protect.

Mr. President, it is my sincere belief that the passage of these provisions would implement the intentions of Congress in passing the 1976 Tax Reform Act. I therefore urge my colleagues, both in the Finance Committee and the entire Senate, to consider this bill for timely passage.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

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

S. 858

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE: AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Family Farm Protection Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. INCREASE IN UNIFIED CREDIT.

(a) CREDIT AGAINST ESTATE TAX.—

(1) IN GENERAL.—Subsection (a) of section 2010 (relating to unified credit against estate tax) is amended by striking out "$47,000" and inserting in lieu thereof "$192,800".

(2) CONFORMING AMENDMENTS.—

(A) Subsection (b) of section 2010 is repealed.

(B) Subsection (a) of section 6018 (relating to estate tax returns by executors) is amended—

(i) by striking out "$175,000" in paragraph (1) and inserting in lieu thereof "$600,000",

(ii) by striking out paragraph (3), and

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

(b) CREDIT AGAINST GIFT TAX.—

(1) IN GENERAL.—Paragraph (1) of section 2505(a) (relating to unified credit against gift tax) is amended by striking out "$47,000" and inserting in lieu thereof "$192,800".

(2) CONFORMING AMENDMENT.—Subsection (b) of section 2505 is amended to read as follows:

"(b) PHASE-IN OF CREDIT.—

"In the case of gifts made in:	Subsection (a)(1) shall be applied by substituting for '$192,800' the following amount:
1981	$47,000
1982	70,800
1983	96,300
1984	121,800.".

SEC. 3. SPECIAL USE VALUATION RULES.

(a) REPEAL OF $500,000 LIMITATION.—Subsection (a) of section 2032A (relating to value based on use under which property qualifies) is amended to read as follows:

"(a) VALUE BASED ON USE UNDER WHICH PROPERTY QUALIFIES.—If—

"(1) the decedent was (at the time of his death) a citizen or resident of the United States; and

"(2) the executor elects the application of this section and files the agreement referred to in subsection (d)(2).

then, for purposes of this chapter, the value of qualified real property shall be its value for the use under which it qualifies, under subsection (b), as qualified real property.".

(b) CLARIFICATION OF RENTAL TO FAMILY MEMBER.—Paragraph (1) of section 2032A (b) is amended by adding at the end thereof the following sentence:

"For purposes of this paragraph, real property shall not be treated as property not being used for a qualified use merely because the decedent leased such property to a member of the decedent's family for a fixed or variable rental."

(c) DEFINITION OF QUALIFIED REAL PROPERTY.—Subsection (b) of section 2032A (defining qualified real property) is amended by adding at the end thereof the following new paragraphs:

"(4) RETIRED AND DISABLED DECEDENTS.—

"(A) IN GENERAL.—If, on the date of death of the decedent, the decedent did not otherwise meet the requirements of paragraph (1)(C) with respect to any property, and the decedent—

"(i) was eligible to receive old-age benefits under title II of the Social Security Act, or

"(ii) was disabled for a continuous period ending on such date,

then paragraph (1)(C) shall be applied by substituting 'the date on which the decedent became eligible to receive old-age benefits under title II of the Social Security Act or became disabled' for 'the date of the decedent's death'.

"(B) DISABLED DEFINED.—For purposes of subparagraph (A), an individual shall be disabled if such individual has a mental or physical impairment which renders him unable to materially participate in the operation of the farm or other business.

"(5) SPECIAL RULE FOR SPOUSES WHO ARE QUALIFIED HEIRS.—In the case of any qualified real property which was acquired by a qualified heir who is the spouse of the decedent and which does not otherwise meet

the requirements of paragraph (1)(C) upon the death of such spouse, such real property shall be treated as meeting the requirements of paragraph (1)(C) if such spouse was engaged in the active management of the operation of the business at all times during—

"(A) the 10-year period ending on the date of death of the spouse, or

"(B) the period beginning on the date of death of the decedent and ending on the date of death of the spouse.

"(6) SPECIAL RULE FOR CERTAIN WOODLANDS.—In the case of real property used for a farming purpose described in subparagraph (C) of subsection (e)(5) which does not otherwise meet the requirements of paragraph (1)(C), such real property shall be treated as meeting the requirements of paragraph (1)(C) if, at all times during the 10-year period ending on the date of the decedent's death—

"(A) such real property was owned by the decedent or a member of the decedent's family and used for such farming purpose, and

"(B) the decedent or a number of the decedent's family was engaged in the active management of the operation of the business.".

(d) DISPOSITIONS AND FAILURES TO USE FOR QUALIFIED USE.—

(1) 10-YEAR HOLDING PERIOD.—

(A) IN GENERAL.—Subsection (c) of section 2032A (relating to tax treatment of dispositions and failures to use for qualified use) is amended—

(i) by striking out "15 years" in paragraph (1) and inserting in lieu thereof "10 years", and

(ii) by striking out paragraph (3) and redesignating paragraphs (4) through (7) as paragraphs (3) through (6).

(B) CONFORMING AMENDMENTS.—Paragraph (2) of section 2032A(h) (relating to treatment of replaced property) is amended—

(i) by striking out in subparagraph (A) all that follows "involuntarily converted," and inserting in lieu thereof the following: "except that with respect to such qualified replacement property the 10-year period under paragraph (1) of subsection (c) shall be extended by any period, beyond the 2-year period referred to in section 1033 (a)(2)(B)(i), during which the qualified heir was allowed to replace the qualified real property,", and

(ii) by striking out "(7)" in subparagraph (C) and inserting in lieu thereof "(6)".

(2) CESSATION OF QUALIFIED USE.—

(A) IN GENERAL.—Paragraph (6) of section 2032A(c) (defining cessation of qualified use), as redesignated by paragraph (1), is amended to read as follows:

"(6) CESSATION OF QUALIFIED USE.—For purposes of paragraph (1)(B)—

"(A) IN GENERAL.—Real property shall cease to be used for the qualified use if—

"(i) such property ceases to be used for the qualified use set forth in subparagraph (A) or (B) of subsection (b)(2) under which the property qualified under subsection (b), or

"(ii) except as provided in subparagraph (B), during any period of 8 years ending after the date of the decedent's death and before the date of the death of the qualified heir, there had been periods aggregating 3 years or more during which—

"(I) in the case of periods during which the property was held by the decedent (other than periods during which the decedent was an individual described in subsection (b)(4)(A) (i) or (ii)), there was no material participation by the decedent or any member of the family in the operation of the farm or other business, and

"(II) in the case of periods during which the property was held by any qualified heir, there was no material participation by such qualified heir or any member of his family in the operation of the farm or other business.

"(B) 10-YEAR ACTIVE MANAGEMENT.—If an eligible qualified heir elects, at such time and in such manner as the Secretary may prescribe, to have the provisions of this subparagraph apply to any real property—

"(i) the provisions of clause (ii) of subsuparagraph (A) shall not apply to such property, and

"(ii) such property shall cease to be used for the qualified use if the fiduciary or the eligible qualified heir or any member of his family did not take part in the active management of the farm or other business at all times during the period beginning on the date of death of the decedent and ending on the earlier of—

"(I) the date of death of the qualified heir, or

"(II) the date which is 10 years from date of death of the decedent.

"(C) ELIGIBLE QUALIFIED HEIR.—For purposes of this paragraph, the term 'eligible qualified heir' means—

"(i) any qualified heir with respect to real property the qualified use for which is a farming purpose described in subparagraph (C) of subsection (e)(5), and

"(ii) in any other case, a qualified heir who, on the date of death of the decedent—

"(I) is the spouse of the decedent,

"(II) has not attained the age of 21,

"(III) is a student described in subparagraph (A) or (B) of section 151(e)(4), or

"(IV) was disabled (within the meaning of subsection (b)(4)(B)) for a continuous period ending on such date.".

(B) CONFORMING AMENDMENT.—Subsection (e) of section 2032A (relating to definitions and special rules) is amended by adding at the end thereof the following new paragraph:

"(12) ACTIVE MANAGEMENT.—The term 'active management' means the making of the management decisions of a business (other than the daily operating decisions).".

(e) METHOD OF VALUING FARMS.—

(1) NET SHARE RENTALS.—

(A) IN GENERAL.—Paragraph (7) of section 2032A(e) (relating to method of valuing farms) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) VALUE BASED ON NET SHARE RENTAL IN CERTAIN CASES.—

"(i) IN GENERAL.—If there is no comparable land from which the average annual gross rental may be determined, subparagraph (A)(i) shall be applied by substituting 'average net share rental' for 'average gross cash rental'.

"(ii) NET SHARE RENTAL.—For purposes of this paragraph, the term 'net share rental' means the excess of—

"(I) the value of the produce received by the lessor of the land on which such produce is grown, over.

"(II) the cash operating expenses of growing such produce which, under the lease, are paid by the lessor.

"(iii) DETERMINATION OF AVERAGE NET SHARE RENTAL.—For purposes of this subparagraph, the average net share rental shall be—

"(I) the average net share rental for reasonably comparable land published by the Department of Agriculture, an agency of the State in which the land is located, or a college or university of such State (within the meaning of section 511(a)(2)(B)), or

"(II) if the average described in subclause (I) is not available, the average net share rental determined on the basis of comparable land located in the locality of such farm.".

(B) CONFORMING AMENDMENTS.—

(i) Clause (i) of section 2032A(e)(7)(C) (as redesignated by subsection (a)) is amended by inserting ", or where it is established that the average net share rental is not capable of being determined under subparagraph (B)(iii)" after "determined".

(ii) Subparagraph (A) of section 2032A (e)(7) is amended by striking out "subparagraph (B)" and inserting in lieu thereof "subparagraph (C)".

(2) COMPARABLE SALES.—Subparagraph (D) of section 2032A(e)(8) (relating to method of valuing closely held business interests, etc.) is amended by striking out "Comparable" and inserting in lieu thereof "Reasonably comparable".

(f) EXCHANGE OF QUALIFIED REAL PROPERTY.—

(1) IN GENERAL.—Section 2032A (relating to valuation of certain farm, etc., real property) is amended by adding at the end thereof the following new subsection:

"(i) EXCHANGES OF QUALIFIED REAL PROPERTY.—

"(1) TREATMENT OF PROPERTY EXCHANGED.—

"(A) IN GENERAL.—If an interest in qualified real property is exchanged—

"(i) no tax shall be imposed by subsection (c) on such exchange if the interest in qualified real property is exchanged solely for an interest in qualified exchange property in a transaction which qualifies under section 1031(a), or

"(ii) if clause (i) does not apply, the amount of the tax imposed by subsection (c) on such exchange shall be the amount determined under subparagraph (B).

"(B) AMOUNT OF TAX WHERE PROPERTY RECEIVED IS NOT SOLELY AN INTEREST IN QUALIFIED EXCHANGE PROPERTY.—The amount determined under this subparagraph with respect to any exchange is the amount of tax which (but for this subsection) would have been imposed on such exchange reduced by an amount equal to that portion of such tax which is attributable to the amount of the interest in qualified exchange property received by the taxpayer.

"(2) TREATMENT OF QUALIFIED EXCHANGE PROPERTY.—For purposes of subsection (c)—

"(A) any interest in qualified exchange property shall be treated in the same manner as if it were a portion of the interest in qualified real property which was exchanged, and

"(B) any tax imposed by subsection (c) on the exchange shall be treated as a tax imposed on a partial disposition.

"(3) QUALIFIED EXCHANGE PROPERTY.—For purposes of this subsection, the term 'qualified exchange property' means real property which is to be used for the qualified use set forth in subparagraph (A) or (B) of subsection (b)(2) under which the real property exchanged therefor originally qualified under subsection (a).".

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 2032A(f) (relating to statute of limitations) is amended—

(i) by inserting "or exchange" after "conversion",

(ii) by inserting "or (i)" after "(h)", and

(iii) by inserting "or of the exchange of property" after "replace".

(B) Paragraph (2) of section 6324B(c) (relating to special liens) is amended by inserting "and qualified exchange property (within the meaning of section 2032A(i)(3))" before the period at the end thereof.

(g) ELECTION REQUIREMENT OF SPECIAL RULES FOR INVOLUNTARY CONVERSIONS REPEALED.—Section 2032A(h) (relating to special rules for involuntary conversions of qualified real property) is amended—

(1) by striking out "and the qualified heir makes an election under this subsection" in paragraph (1)(A); and

(2) by striking out paragraph (5).

(h) BASIS UPON RECAPTURE.—Paragraph (3) of section 1014(a) (relating to basis of property acquired from a decedent) is amended

by inserting "(increased by the value of any interest in such property (determined for purposes of this chapter without regard to this section) with respect to which an additional estate tax is imposed under section 2032A(C)(1))" after "section".

SEC. 4. INTEREST RATE ON EXTENDED PAYMENTS OF ESTATE TAXES.

Section 6601 (relating to interest on underpayment, nonpayment, or extension of time for payment of tax) is amended by—

(a) redesignating subsection (k) (relating to no interest on certain adjustments) as subsection (l), and

(b) adding immediately after subsection (j) a new subsection (k) to read as follows:

"(k) INTEREST RATE ON PORTION OF ESTATE TAX EXTENDED UNDER SECTION 6165.—

"(1) IN GENERAL.—If the time for payment of an amount of tax imposed by chapter 11 is extended as provided in section 6166, interest on the portion of such amount which does not qualify for the 4-percent rate under subsection (j), shall (in lieu of the annual rate provided by subsection (a)) be paid at a rate determined under paragraph (2). For purposes of this subsection, the amount of any deficiency which is prorated to installments payable under section 6166 shall be treated as an amount of tax payable in installments under such section.

"(2) INTEREST RATE.—The rate of interest under this subsection shall be the lesser of—

"(A) 6 percent, or

"(B) a rate determined in the same manner as under section 6621 except that subsection (c) thereof shall be applied by substituting '75 percent' for '90 percent'.

The rate determined under subparagraph (B) shall not be less than 4 percent.

"(3) TREATMENT OF PAYMENTS.—In any case where this subsection and subsection (j) apply with respect to the amount of tax imposed by chapter 11 which is extended as provided in section 6166, any payment of a portion of such amount shall be allocated to the 4-percent portion in accordance with paragraph (3) of subsection (j) and any remaining amount shall be treated, for purposes of computing interest for periods after such payment, as reducing the amount to which this subsection applies.", and

(c) striking out "For purposes of this subsection," in paragraph (2) of subsection (j) and inserting in lieu thereof "For purposes of this subsection and subsection (k),".

SEC. 5. EFFECTIVE DATES.—The amendments made by this Act shall apply to the estates of decedents dying after December 31, 1981, except that the amendment made by section 3(b) shall apply to the estates of decedents dying after December 31, 1976.

By Mr. THURMOND (for himself, Mr. DOMENICI, Mr. ABDNOR, Mr. BAUCUS, Mr. HEFLIN, Mr. NUNN, Mr. LAXALT, Mr. HATFIELD, Mr. LUGAR, Mr. HELMS, Mr. GRASSLEY, Mr. SYMMS, Mr. HUDDLESTON, Mr. BENTSEN, Mrs. KASSEBAUM, Mr. TSONGAS, Mr. CRANSTON, Mr. MOYNIHAN, Mr. SARBANES, Mr. SASSER, Mr. SPECTER, Mr. HATCH, Mr. KENNEDY, Mr. CHAFEE, Mr. HAYAKAWA, Mr. HOLLINGS, Mr. PROXMIRE, Mr. DECONCINI, Mr. DENTON, Mr. RIEGLE, Mrs. HAWKINS, Mr. DOLE, Mr. WALLOP, Mr. ANDREWS, Mr. GARN, Mr. DURENBERGER, Mr. METZENBAUM, and Mr. LEAHY):

S.J. Res. 60. Joint resolution to authorize and request the President to designate the week of May 3 through May 9, 1981, as "National Physical Fitness and Sports for All Week"; to the Committee on the Judiciary.

NATIONAL PHYSICAL FITNESS AND SPORTS FOR ALL WEEK

Mr. THURMOND. Mr. President, I am introducing today a joint resolution to authorize and request the President to designate the week of May 3 through 9, 1981, as "National Physical Fitness and Sports for All Week."

I am pleased to have Senators ABDNOR, BAUCUS, HEFLIN, DOMENICI, NUNN, LAXALT, HELMS, GRASSLEY, SYMMS, HUDDLESTON, BENTSEN, KASSEBAUM, CRANSTON, HATFIELD, LUGAR, MOYNIHAN, SARBANES, SASSER, SPECTER, HATCH, TSONGAS, KENNEDY, CHAFEE, HAYAKAWA, HOLLINGS, PROXMIRE, DECONCINI, DENTON, RIEGLE, HAWKINS, DOLE, WALLOP, ANDREWS, GARN, DURENBERGER, METZENBAUM, and LEAHY join with me as cosponsors of this resolution.

Mr. President, we have come a long way from the time when physical exercise was viewed mainly as an entertainment or a diversion, and when boys and young men were the main participants in sports. Today we recognize that physical activity is an important part of daily life for people of both sexes and all ages.

One of every two adults in the United States engages regularly in exercise and sport. A third of us swim, a fourth ride bicycles, and a fifth play one of the racquet sports. Running has more than 20 million adherents. It is interesting to note that the number of physically active men and women has doubled in 10 years, and continues to grow rapidly.

Typically, interest in physical activity begins at an early age, and presently, nearly 30 million boys and girls take part in age-group team sports and other organized out-of-school activities. More than 6 million teenagers and over 600,000 college students compete in athletic programs.

Our physical fitness and sports programs are one of the primary means by which we strengthen and refresh ourselves. It is essential that we publicize such programs and make them increasingly available so that all of our citizens will be able to experience the benefits they offer. Accordingly, I am sponsoring this resolution, which requests President Reagan to declare May 3 through 9 as "National Physical Fitness and Sports for All Week."

Mr. President, I ask unanimous consent that a copy of the resolution be printed in the RECORD at the conclusion of my remarks.

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

S.J. RES. 60

Whereas one of every two adults in our country is a regular participant in exercise and sports;

Whereas the number of physically active men and women has doubled in ten years and continues to grow rapidly;

Whereas today we recognize that physical activity is an important part of daily life for people of both sexes and of all ages;

Whereas physical activity is vital to good health and is a rich source of pleasure and personal satisfaction;

Whereas physical fitness and sports programs are one of the primary means by which we strengthen our bodies and refresh our spirits;

Whereas it is essential that we make fitness and sports programs increasingly available so that all of our citizens will be able to experience the joys and benefits they offer: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week of May 3 through 9, 1981, as "National Physical Fitness and Sports for All Week," and to call upon Federal, State, and local government agencies, and the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

Mr. HAYAKAWA. Mr. President, "the Good Life"—a phrase that means different things to different people. As we approach National Physical Fitness and Sports for All Week, let us remember the common denominator for the good life: The physical well-being to pursue your goals. Exercise is the key to attaining and maintaining the physical fitness necessary for that well-being.

I am pleased to join Senator THURMOND as a cosponsor of Senate Joint Resolution 60, which proclaims May 3 through 9, 1981 as national fitness week. National Physical Fitness and Sports for All Week is a good title because it describes the theme of America's fitness revival: Fitness for all. There is a fitness activity for everyone, one that is fun, available, and inexpensive. According to the YMCA, for every weight lifter you will find 5 aerobic dancers, 7 yoga devotees, and 10 child swimmers.

Americans are jumping, running, and bicycling for fitness. An exciting feature of our fitness revival is the variety of activities available. I believe that everyone can find an activity that is fun and useful for them. For me, it is tap dancing. This form of exercise is enjoyable for me, and has many of the same benefits of jogging: Strengthen the heart and tones the leg muscles. Tap dancing also involves another of my hobbies, listening to music, which adds to my enjoyment. You do not have to be Fred Astaire to get started. Most public recreation departments offer tap classes at reasonable fees for beginners. Get yourself a good pair of shoes and before you know it, you will be tapping away to "Tea for Two."

Try new things. Remember those three words, and your fitness activities will be interesting and diverse. For instance, I became a scuba diver after I came to the Senate. Though I am very busy with my Senate responsibilities, I managed to squeeze in enough practice and lessons to become certified in my newest sport, and have recently taken a few dives off the California coast. Try new things. Executives are climbing stairs, mothers are loosening up with trimnastics, and senior citizens are cycling. America is starting off the day with Richard Simmons, whose fitness demonstrations are broadcast nationally from his California studio. His is a

sample of the many television shows that bring exercise right into your living room. Try new things.

The private sector is joining the fitness revival by funding publications, workshops, and employee fitness programs. Last September, for example, a new national school fitness program was unveiled, free of charge to the public. The program is the result of coordination by the President's Council on Physical Fitness and Sports, and funding from the Blue Cross/Blue Shield Association and Walt Disney Educational Media Co. of Burbank, Calif. The package consists of three 12-minute films and a teacher's guide. Teachers' workshops are planned in each of the States where the materials are offered. This is only one sample of the coordination between the President's Council and the private sector. With a budget of $800,000 in fiscal year 1981, the President's Council generated private industry support for fitness totaling $40 million.

Our Nation can only be as healthy and strong as its people. I ask that the following excerpts of an article by Casey Conrad, Director of the President's Council on Physical Fitness and Sports, be inserted in the RECORD. Mr. Conrad is from Sacramento, Calif., and joined the President's Council in 1970, after 24 years with the State Department of Education in California. He describes public and corporate fitness initiatives as he asks, "Do We Have the Determination To Promote Physical Fitness for All?"

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

DO WE HAVE THE DESIRE AND DETERMINATION TO PROMOTE PHYSICAL FITNESS FOR ALL?

(By C. Carson Conrad)

MANY FACILITIES ARE UNDERUTILIZED

We are also advised that our facilities and other resources for sport are the best and most extensive in the world, but we learn that many of these resources are under utilized or are not being used for the purposes for which they were intended.

We have learned that recreation departments represent our greatest untapped resource for providing physical fitness in the communities of this nation. By increasing the opportunities for instruction and competition, they could substantially widen the national participation base.

John Davis, Executive Director of the National Recreation and Park Association, told us, "All our systems are go for fitness." He suggested we immediately form a coalition to implement physical fitness and sports for all through our nation's recreation departments.

Dr. Janet R. MacLean, Director of Indiana University's Center on Aging and the Aged, helped us clearly understand the importance of physical fitness for the elderly, when she told us of the payoff of one oldster's regimen. "The woman said, 'Now I can get off the john by myself.'" Dr. MacLean reported.

This reminded me that a number of years ago, I observed an exercise program for the elderly in one of the churches in Zurich, Switzerland. On the wall was a sign which read, "Everyone should exercise: the elderly must exercise." Surely none of us now fail to recognize the essential nature of exercise for older Americans.

The biggest obstacle to overcome is getting people to understand that something that is so available, so inexpensive and so simple as exercise can be so rewarding and valuable.

EMPLOYEE PROGRAMS HAVE GREAT POTENTIAL

A relatively new factor in the fitness/sports equation is the employee physical program. More than 450 large companies and corporations now provide some type of leadership, facilities and programming for their employees. The overwhelming majority of these programs have been developed during the past decade. As they continue to multiply and expand, their potential for increasing fitness/sports participation opportunities for adults is obvious.

There recently have been several developments that indicated we are on the verge of realizing even a greater involvement in sport. One of these is the decision by the Congress and by the United States Olympic Committee (USOC) to strengthen the national sports governing bodies. As these bodies become better organized, more liberally funded and more representative in their makeup, they will be able to promote participation and development on a much wider scale.

"SPORTS FOR ALL" HELPS OLYMPIC EFFORT

The USOC team is the apex of the pyramid of our amateur sports world. The height of that apex depends upon how broad the base upon which it is built. Mass "Sports for All" will result in better performance and better world-class athletes. Schools, colleges, clubs, industry, recreation, voluntary agencies such as Ys, national sports governing bodies and multi-sport groups are important as a part of that broad-based pyramid and we sometimes tend to underestimate the contributions that any of the aforementioned make to our Olympic effort.

For a number of years, the USOC has recognized the prowess of graduates of California high schools in our Olympic effort. California has produced more than 25 per cent of U.S. Olympic team members since 1912. This performance must be partially credited to the fact that until several years ago, every pupil in grades 1 through 12 in that state had daily physical education. Physical education is properly concerned with dynamic health and participation throughout life in fitness and sports activities; but its impact on competitive athletics is inescapable and its influence on sports invaluable. It is essential that daily physical education be required at all levels in order to have the most direct and positive means of improving both physical fitness and "Sports for All" in this country.

We have heard here that we possess the know how, the facilities and the other resources to greatly improve our sports and physical fitness programs and practices. The only serious question remaining is: do we have the desire and the determination?

This conference was designed to help us give an affirmative answer. I am convinced by what I have seen and heard here, "Yes" is the only kind of answer we can give. I hope you agree. After all, it is your response that will determine whether this conference is recorded as simply another meeting or as a watershed in the sports and physical movement.

Mr. MOYNIHAN. Mr. President, today I rise with 34 of my colleagues to support the designation of the week of May 3 through 9, 1981, as "National Physical Fitness and Sports for All Week."

The importance of athletic participation cannot be overstated. Indeed, it was President John F. Kennedy who voiced the thoughts of many Americans when, in 1961, he observed that:

The vigor of our country is no stronger than the vitality and will of all our countrymen. The level of physical, mental, moral and spiritual fitness of every American citizen must be our constant concern.

Today these thoughts are particularly relevant. As our lives become ever more complex and hurried, physical activity becomes all the more vital to our health and spiritual well-being. It is essential that we make fitness and sports programs increasingly available in order that all the citizens of this good Nation will be able to experience the exhilaration of an active life.

Last year I introduced a resolution which designated a week in June as "National Athletic Boosters Week." This resolution rallied overwhelming support and recognized thousands of local volunteer athletic booster clubs which have tirelessly sought to insure the survival of sound athletic programs in our schools. In the same vein, today we ask for recognition of millions of Americans who participate in a myriad of athletic pursuits. We ought to commend not only their energy, but their understanding of good health as well. Would that we could insure longer, healthier and, indeed, happier lives for all the citizens of this country.

I hope the Senate will act promptly and enthusiastically in passing this resolution.

ADDITIONAL COSPONSORS

S. 47

A the request of Mr. SCHMITT, the Senator from Utah (Mr. GARN) was added as a cosponsor of S. 47, a bill to amend the Immigration and Nationality Act to establish a temporary worker's visa program between the United States and Mexico.

S. 270

At the request of Mr. SCHMITT, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 270, a bill to amend the Communications Act of 1934 in order to encourage and develop marketplace competition in the provision of certain radio services and to provide certain deregulation of such radio services, and for other purposes.

S. 598

At the request of Mr. JEPSEN, the Senator from Arizona (Mr. GOLDWATER), and the Senator from North Carolina (Mr. HELMS) were added as cosponsors of S. 598, a bill to amend the Internal Revenue Code of 1954 to exempt from taxation the earned income of certain individuals working outside the United States.

S. 622

At the request of Mr. INOUYE, the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Vermont (Mr. STAFFORD), and the Senator from Ohio (Mr. GLENN) were added as cosponsors of S. 622, a bill to control the export of hazardous wastes.

S. 643

At the request of Mr. JEPSEN, the Senator from New York (Mr. D'AMATO), the

Senator from New Jersey (Mr. WILLIAMS), the Senator from South Dakota (Mr. ABDNOR), and the Senator from North Dakota (Mr. ANDREWS) were added as cosponsors of S. 643, a bill to amend the Internal Revenue Code of 1954 to provide explicitly for the exclusion of social security benefits from taxable income.

S. 718

At the request of Mr. PROXMIRE, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 718, a bill to amend title IV of the Social Security Act to provide that States must require recipients of aid to families with dependent children to participate in community work programs if they are able to do so.

S. 719

At the request of Mr. PRYOR, the Senator from Alabama (Mr. HEFLIN), the Senator from New York (Mr. MOYNIHAN), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of S. 719, a bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, to provide statutory guidelines concerning the award of contracts for the procurement of consulting services, management and professional services, and for other purposes.

S. 752

At the request of Mr. BAUCUS, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 752, a bill to amend the Internal Revenue Code of 1954 to provide for the awarding of reasonable court costs and certain fees to prevailing parties in civil tax actions, and for other purposes.

SENATE JOINT RESOLUTION 3

At the request of Mr. PRYOR, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of Senate Joint Resolution 3, a joint resolution proposing an amendment to the Constitution to provide for the direct popular election of the President and Vice President of the United States.

SENATE RESOLUTION 44

At the request of Mr. MOYNIHAN, the Senator from Maine (Mr. COHEN) was added as a cosponsor of Senate Resolution 44, a resolution relating to the convening of an international conference to amend certain international agreements concerning the privileges and immunities of diplomatic and consular agents.

SENATE RESOLUTION 97

At the request of Mr. PROXMIRE, the Senator from Indiana (Mr. QUAYLE) was added as a cosponsor of Senate Resolution 97, a resolution establishing a maximum number of full-time Senate employees and prohibiting the construction of additional office buildings for the Senate.

SENATE RESOLUTION 105—RESOLUTION RELATING TO THE CONSIDERATION OF S. 694

Mr. TOWER, from the Committee on Armed Services, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 105

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 694, a bill to authorize supplemental appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and for research, development, test, and evaluation, and to increase the authorized personnel strength for military and civilian personnel of the Department of Defense, and for other purposes.

Such a waiver is necessary because section 402(a) of the Congressional Budget Act of 1974 provides that it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

For the foregoing reasons, pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to S. 694, as reported by the Committee on Armed Services.

AMENDMENTS SUBMITTED FOR PRINTING

AUTHORIZATION OF APPROPRIATIONS FOR DEPARTMENT OF STATE

AMENDMENT NO. 28

(Ordered to be printed and be referred to the Committee on Foreign Relations.)

Mr. MOYNIHAN submitted an amendment intended to be proposed by him to the bill (S. 784) to authorize appropriations for fiscal years 1982 and 1983 for the Department of State.

Mr. MOYNIHAN. Mr. President, today I introduce a measure that conforms well to one of the distinctive themes of the still young Reagan administration, the dangers posed by international terrorism. Among the groups that spread this scourge in international life, none is more deadly than the Palestine Liberation Organization and yet, despite the deadliness of its program, none is accorded greater respect. The PLO has been able to secure for itself rights and privileges usually accorded only to states.

This problem appears to be well understood in the new administration. Its spokesmen seem determined to combat the growing international disregard of the true nature of the PLO and to reverse the organization's success in gaining legitimacy for its repugnant purposes. In an interview with ABC News, Mr. Richard Allen, the President's Assistant for National Security Affairs, recently spoke the truth that American administrations have too long wished to sidestep. That the PLO is to be understood as a terrorist apparat if it is to be understood at all.

In this light it is unfortunate that the administration's State Department authorization request for fiscal 1982 and 1983 should lack the very provisions that were attached by the Congress 2 years ago in an effort to prevent even indirect American subsidy of the Palestine Liberation Organization. Two years ago, Mr. President, I introduced into this body—as did then Congressman Wolff in the other body—an amendment to the last State Department authorization bill. We proposed, and both Houses of Congress agreed without objection, that the United States should withdraw any contribution to the United Nations to support two units within the U.N. that serve as front organizations for the PLO. These are the Committee for the Exercise of the Inalienable Rights of the Palestinian People, and the Special Unit on Palestinian Rights. The former organization, it will be recalled, was created by the General Assembly on November 10, 1975, the day that it also declared Zionism to be a form of racism. Since that time, this body, like its sister unit, has been run as an arm of the PLO.

Because this seemed intolerable to the entire Congress 2 years ago, we adopted the restrictions of the Moynihan-Wolff amendment, that the U.S. contribution to the United Nations be reduced by an amount equal to 25 percent of the budget of the two PLO bodies. As a result the U.S. contribution to the United Nations was reduced in this past year by $190,775. In the present year, the U.S. payment will be cut by $228,550.

The amendment I introduce today would continue this pattern of reductions, and I hope that the Senate Foreign Relations Committee will wish to adopt it once more. If it is attached to S. 784, the State Department authorization bill, this amendment would have an impact much like that of the one described above. The budgetary effect of this cut would, as before, be modest, but its importance lies in expressing the view of the Congress that the United States cannot abide the role that the PLO has acquired at the United Nations. It is beyond our power at this time to undo this role, but we hardly need subsidize what we find utterly repugnant.

Accordingly we take the extraordinary step of withholding a small portion of the assessed contribution of the United States. The United Nations will find it hard to operate if members freely withhold funds to express disapproval of particular budget items. But we do not take this step lightly. We take it to express our very deep alarm that the PLO, whose purposes run counter to those of international society, has been admitted as a member in good standing within that society. We are alarmed that the United Nations has conferred legitimacy on an organization dedicated to the destruction of one of the U.N.'s members.

Mr. President, I first introduced this measure 2 years ago. Last November I introduced a measure making comparable cuts in U.S. contributions to UNESCO programs that are operated in conjunction with the PLO. Its purpose was similar to the amendment I propose today. It may in time prove desirable to tie together these amendments in legislation that imposes comprehensive restrictions on U.S. payments to international organizations. Yet as we study this possibility, we should make as clear as we can—by attaching this amendment to S. 784—that the United States can have no part

in support of whatever sort for the Palestine Liberation Organization.

In the other body, Congressman CHARLES SCHUMER will introduce a similar amendment.

BUDGET RECONCILIATION RESOLUTION

AMENDMENT NO. 29

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS (for himself, Mr. RANDOLPH, Mr. BAUCUS, Mr. BENTSEN, Mr. GLENN, Mr. LEVIN, Mr. MATSUNAGA, Mr. HART, Mr. CANNON, Mr. METZENBAUM, and Mr. JACKSON) submitted an amendment intended to be proposed by them to the concurrent resolution (S. Con. Res. 9) revising the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983.

AMENDMENT NO. 30

(Ordered to be printed and to lie on the table.)

Mr. D'AMATO submitted an amendment intended to be proposed by him to the concurrent resolution Senate Concurrent Resolution 9, supra.

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, the Senate Committee on Small Business will hold a full committee hearing on May 5, 1981, on the Small Business Administration's size standards proposals, at 9:30 a.m., in room 4232 of the Dirksen Senate Office Building. Senator HATCH will chair the hearing. For further information, contact Kimberly Elliott at 224-5175.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Committee on Energy and Natural Resources on the following nominations: Mr. R. Tenney Johnson, of Maryland, to be General Counsel for the Department of Energy; Mr. William H. Coldiron, of Montana, to be Solicitor for the Department of the Interior; Mr. Garrey Edward Carruthers, of New Mexico, to be Assistant Secretary for Land and Water Resources, Department of the Interior; and Mr. G. Ray Arnett, of California, to be Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior.

The hearing is scheduled for Wednesday, April 8, 1981, beginning at 2 p.m. in room 3110 of the Dirksen Senate Office Building.

For further information regarding the hearing, you may wish to contact Mr. David Doane at 224-7144 for the Department of Energy nomination and Mr. Tony Bevinetto at 224-5161 for the Department of the Interior nominations.

ADDITIONAL STATEMENTS

A TIME NOT ONLY FOR ANGER, BUT FOR REASSURANCE

● Mr. DOLE. Mr. President, my immediate reaction to the events of Monday, upon hearing that our President had been shot and three others wounded by a would-be assassin's gunfire, was a combination of disbelief and a bit of anger. I would guess that millions the world over felt similar emotions. We have all viewed the attempt on the President's life as the occasion for horror at violence, terrorism, and the increasing frequency of crime in our society.

However, it is more. It is also a reaffirmation that we are all finally human beings, even Presidents and high administration officials.

One man tried to murder another. But that terrible act was only the opening for an unnumbered array of other men and women to act with nobility, courage, and compassion. G. K. Chesterton, the English writer of the first half of this century, defined courage as "grace under pressure." Mr. Reagan has illuminated the meaning of that definition for all of us during the past several days. Not some mythical figure, but this man, our President, has shown us how to meet pain, fear, and the unknown. In so doing, he has reassured all of us about ourselves.

Mrs. Reagan, knowing fear for her husband's life and safety, made us a little better for her quiet strength and dignity in the face of the unexpected. Secret service men like Mr. McCarthy and policemen like Mr. Delahanty give us a practical lesson that heroism is not dead. It is as close as a neighbor's need.

And Jim Brady, the President's Press Secretary, continues to display a tenacity and toughness which we can all strive to emulate.

Still others, doctors, nurses, technicians, doing what they do every day, remind us that these dedicated individuals do their work without regard to whether it is cobbler or king. They give us the better side of what it is to be human.

Mr. President, I do not suggest that we ignore the violent nature of this act. The individual responsible must be punished. But, he will join the likes of John Wilkes Booth and Lee Harvey Oswald in the perverted pantheon of assassins and would-be assassins.

We should all take some time out to remember that even a tragedy like this can reassure us. It is important to note that for every assassin who makes us feel ashamed to be human, there are millions who share our humanity and who make us proud to share theirs.

At this point, I wish to echo some of the President's own words which he spoke in his inaugural address on January 20. The President said:

> We have every right to dream heroic dreams. Those who say we're in a time when there are no heroes, they just don't know where to look.

We do have heroes. They are around us every day and as the events of the past 48 hours have shown, we do not as Mr. Reagan stated have far to look.●

MULTIPLE USE OF OUR NATIONAL FORESTS

● Mr. SYMMS. Mr. President, I bring to the attention of my colleagues the comments of Ralph Kizer, Forest Supervisor of the Idaho Panhandle National Forests. In his article, Mr. Kizer presents alternative plans for harvesting timber in the national forests of Idaho while maintaining the elk population that inhabits the region. Mr. Kizer offers solutions for the specific problem of this forest, and in so doing, demonstrates a duty by which more employees and agencies of the Federal Government should be bound. This duty I mention is an obligation to consider all pertinent interests when making policy decisions that affect the common good. As supervisor of the national forest, Mr. Kizer proposes multiple-use land management policies that strike a balance between the need to preserve our natural resources and the need to strengthen our economy.

Mr. President, I ask that the comments of Ralph Kizer, Forest Supervisor under the U.S. Department of Agriculture, dated February 27, 1981, be entered into the record.

The article follows:

COMMENTS ON IDAHO FISH AND GAME

(By Forest Supervisor Ralph Kizer)

The Idaho Panhandle National Forests timber management program has been based for decades on the premise that about 1.8 million acres out of a total of 2.5 million acres are suitable and available for timber management purposes. (There are 1.8 million acres of commercial forest land—land capable of providing a crop of commercially valuable timber). I do not foresee that large areas (thousands of acres) of commercially important timber will be set aside or foregone for the exclusive management for wildlife—primarily elk. Nor do I see large areas being set aside for the *exclusive* management of any single resource, including timber.

There are, of course, several millions of acres in Idaho which are already set aside in Wilderness. Thousands more acres are being proposed by the Forest Service for inclusion in the National Wilderness Preservation System. While most of the area in Wilderness does not contain good timber growing potential much of it does. Of the total area set aside or proposed for Wilderness, a substantial portion is very important for wildlife. In addition, there are designated Scenic Areas and other special interest areas where road development is essentially precluded and the commercial timber resource is excluded from management. Again, I don't foresee that further additional large areas of commercial forest land will be removed from the timber base exclusively for wildlife management (elk).

The local office of the Idaho Fish and Game Department has hand-picked some large areas which have not, through any of the above means, been set aside for uses other than timber. The local Department people are telling the Forest Service that the long established Wilderness areas, plus the recent conversions of Primitive Areas to Wilderness, plus the Roadless Area Review and Evaluation (RARE II) recommendations, all added up, are really not enough.

We can manage forested areas for both timber and elk (and for other resource values). The Forest Service wants to work with the Fish and Game Department and other interests cooperatively to achieve the best possible balance of resource uses. I want Forest Service and Fish and Game biologists and managers to work together and to agree on objectives so we can then manage toward those objectives. If we can agree on the numbers of animals desirable over a broad area, we can then cooperatively manage lands and animals to achieve such an objective.

Elk habitat requirements are being considered. I believe the challenge is to produce both timber and elks. On all of our timber sales we prepare an Environmental Analysis report that considers all resources. In the Nelson Peak area, northeast of Avery, for example, we have been working on an Environmental Analysis report for a possible timber sale that would be sold in 1983. Fish and Game Department personnel have been invited to participate and have participated in this process. We understand their position is to harvest no timber in this area, of about 12,000 acres, that would require any new road construction. We have used helicopters to harvest some timber, but helicopter logging is limited to less than 1 mile from a landing or road.

I have not approved the Environmental Analysis report or made my final choice of alternatives for this area. However, at this time, I am strongly considering an alternative that would require 14.5 miles of new road, to harvest about 6 to 7 million board feet, and at the same time maintain 75% of elk habitat. All of the new roads would be closed after completion of the timber sale for at least 5 years. Another alternative would provide 12 million board feet, but require 21 miles of logging roads. A no action alternative for this area would maintain elk habitat at 85 to 90 percent of potential, but produce no timber harvest. Each million board feet we harvest provides about 10 person years of local employment for logging and primary processing, and would build about 100 homes for Americans. I believe our primary mission is for our silviculturists and wildlife biologists to work out a solution so that we can produce both timber and elk in areas like Nelson Peak.

Our annual timber sale volume has been reduced from 317 million board feet in 1980 to 275 million in 1981. One reason for this reduction, which may be temporary, was to provide more consideration for elk and other resource needs.

The Forest Service is interested in doing the best job we possibly can to serve all interests.

THE ADMINISTRATION'S SOCIAL POLICY DECISIONS

○ Mr. MOYNIHAN. Mr. President, if the administration spokesmen are accurately reflecting the administration's social policy decisions, we are being presented with an extraordinary change in the purposes of public assistance.

I refer to the March 19 statement of Mr. Edwin L. Dale, Jr., spokesman for the Office of Management and Budget, as quoted in the New York Times of March 20, 1981, that—

> The policy decision is that welfare is a safety net and not an income-supplement program.

Mr. Dale was commenting on a new report by the Center for the Study of Welfare Policy of the University of Chicago, entitled "The Poor: Profiles of Families in Poverty," which analyzes the impact on low-income families of certain of the administration's proposed budget reductions and program changes. The study examined the aggregate impact of changes in six Federal programs—aid to families with dependent children, medicaid, food stamps, low-income energy assistance, public housing, and comprehensive employment and training—on families in 10 States. Several of its findings merit attention, among them the conclusion that the administration's proposals would narrow—and in some cases eliminate—the income gap between welfare recipients who work and those who do not work, thereby reducing—and in some cases perhaps eliminating—the incentive to work.

The policy question is whether a welfare recipient who works should be better off than one who does not. If there is no economic gain from working, there is no economic reason, although there may be other reasons, to do so.

For 14 years, the program we know as aid to families with dependent children has embodied the principle that welfare recipients who are able to work should have an incentive to work. The Social Security Amendments of 1967 established what is known as the $30 and a third earned income disregard. This means that a welfare recipient who works can "keep" the first $30 of each month's earnings, plus one-third of all additional earnings, plus whatever is required to pay for work-related expenses and children's day care. The welfare check is reduced by the amount of earnings in excess of those disregarded under this formula.

In New York State, for example, an AFDC family of four, mother and three children, with no outside earnings receives $373 a month in cash assistance plus $150 in food stamps. Should the family head take a part-time job paying $396 a month—and assuming monthly work expenses, including day care, of $200 a month—the family's net cash income would be $667, plus $40 in food stamps. Thus the family as a whole would be $191 better off each month as a consequence of the mother's employment than it would be if she stayed at home.

The result is that a significant number of welfare recipients do work. In 1977, some 21.8 percent of all AFDC families in the Nation had income other than their welfare benefit. That represents a population of 763,000 families, 65,000 of them in New York, who are both economically better off as a consequence of working and in which the children are growing up with the awareness that one who works is better off than one who does not.

The administration proposes changes that would all but eliminate this incentive. In the 10 States sampled by the University of Chicago, the average difference in monthly incomes between welfare recipients who work and those who do not is $126. Under the administration's proposals, this would shrink to $29. In New York, the average monthly income of AFDC recipients who work would fall from $704 to $533, just $15 more than the average income of nonworking families. In Louisiana, the difference would vanish entirely. In California the difference would shrink from $188 to $15.

This is ironic, to say the least, for this is an administration that in other pronouncements appears committed to the proposition that welfare recipients must work. Indeed, another of the reforms that has been proposed would reinstitute the practice—which has been on the Federal statute books since 1964 but has been "suspended" since 1968—of requiring welfare recipients, except those with very young children, to engage in community service in return for their monthly check.

All this bespeaks a politically fashionable but fundamentally inaccurate view of public assistance. The program we know as aid to families with dependent children is first and foremost a program to aid dependent children. Of the 10.3 million individuals receiving AFDC benefits in 1979, only 3.1 million were adults; 7.2 million were children, 4.2 million of them under the age of 10.

The typical AFDC recipient is a child living in a fatherless home. Fatherless for any of a number of reasons: Death, desertion, divorce, illegitimacy. But a child, nevertheless.

The number of such children is growing. According to data that I published in the spring issue of the Journal of the Institute for Socioeconomic Studies, approximately one-third of the children being born this year will live in a female-headed household that receives AFDC benefits at some time before their 18th birthday. One child in three. That makes AFDC second only to public education as the Government program with the widest impact on American children.

Recent history is not encouraging. Only 7 percent of the children born in 1940 could expect to spend a portion of their minority in a female-headed family receiving AFDC benefits. Seventeen percent of those born in 1950; 22 percent of those born in 1960.

These are dependent children. And AFDC exists in order to keep roofs over their heads, food in their mouths, and clothes on their backs. It embodies the response of society to the elemental needs of dependent youngsters.

It is not a lavish program. In New York State, for example, the average monthly cash benefit today for a family of four is $373. Other than a slight increase in the "shelter allowance," this is the same benefit as was provided in 1974. That means its purchasing power has been eroded 64 percent by inflation in the 7 years since it was established at its present level.

But for all its inadequacies, it is first and foremost a program for children. And chances in it should be evaluated in terms of their impact on dependent children. That is why one grows weary of debates about "welfare policy" that are couched in terms of the behavior of adults. It is not a program for adults. That some adults are also supported by it—96 percent of them husbandless women with children—is a consequence of the fact that most dependent children live with one parent.

Of course, some of those adults can work. This is amply demonstrated by the fact that more than one in five of them do work. That we would like all who can work to work is attested to by the existence, since 1967, of the work incentive program, which requires adult recipients to register for work and, when jobs are available, to take them. Taking away the economic incentive to work will not reduce dependency. To the contrary. Does

it not risk consigning AFDC recipients to permanent dependency? Does it not reverse two decades of progress in American social policy? It should be resisted. I, for one, will resist it.●

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 360(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of a proposed sale shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that eight such notifications have been received: One on March 23; six on March 24; and one on March 25.

Interested Senators may inquire as to the details of these preliminary notifications at the office of the Committee on Foreign Relations, room 4229, Dirksen Building.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 23, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Southwestern Pacific country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 24, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Northeast Asian country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 24, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

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ERNEST GRAVES,
Director.

DEFENSE SECURITY,
ASSISTANCE AGENCY,
Washington, D.C., March 24, 1981.

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DEFENSE SECURITY ASSISTANCE AGENCY,
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DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., March 24, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., March 24, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., March 25, 1981.

Dr. HANS BINNENDIJK,
Professional Staff Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Northeast Asian country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERNEST GRAVES,
Director.●

ALASKA'S DOUBLE LOSS

● Mr. MURKOWSKI. Mr. President, I recently learned that Lt. Gen. Winfield Scott and Maj. Gen. Theodore Jenes, the ranking Air Force and Army commanders in Alaska, are leaving their current posts for new assignments outside Alaska. Lieutenant General Scott, the commander of all Air Force units in Alaska and the ranking U.S. military officer in the State, will now be serving in Seoul, Korea. Major General Jenes, the commander of U.S. Army forces in Alaska, is moving to a post at Fort Leavenworth, Kans.

These gentlemen have made outstanding contributions to both the military and civilian communities in Alaska. I am personally acquainted with these outstanding military officers and commend them for their excellent leadership during their tours of duty in Alaska. They will sincerely be missed—a fact reflected in a recent editorial printed in the An-

chorage Times on March 7, 1981. Mr. President, I ask that my remarks and the Times' editorial be included in the RECORD.

The article follows:

DOUBLE WHAMMY

Over the years Anchorage has become accustomed to the rotation of military families, taking from the community's midst some vibrant people and sending them on to new assignments elsewhere. It's a sad time, usually, because friendships only so recently made become severed by the miles that separate Anchorage from the new duty station of those involved.

But it's one of those things that is part of being civic neighbors to military establishments.

Even so, that doesn't lessen the regret produced by the double whammy that the top brass has handed to Anchorage in the past couple of weeks.

Almost simultaneously came orders transferring Air Force Lt. Gen. Winfield Scott to Seoul, Korea, and Maj. Gen. Theodore Jenes to Ft. Leavenworth, Kans.

Gen. Jenes, who heads Army forces in Alaska, will be leaving almost any day now—pending on word from the Department of Army as to his successor. The replacement for Gen. Scott, the top-ranking military man in all Alaska, was announced at the same time his new assignment was made public, and his departure date—the last day of this month—already is set.

The result is that two of the most popular—and best—of the distinguished military leaders who have served in Alaska will be leaving at virtually the same time.

Those who come after them will find big shoes to fill.

Quite apart from their individually heroic records as combat officers, both Gen. Scott and Gen. Jenes have distinguished themselves as concerned leaders of the men and women who serve with them and for them.

They may be general officers in rank, but their hearts and their dedication are to the junior officers and the enlisted personnel who make up the units they command. The soldier in the field, the airman at the remote early warning radar station are the ones most often in the minds of these two compassionate generals.

And their concern for the welfare of the troops is genuine. There is nothing phony about this special pair.

They likewise have maintained a respected rapport with civilian community, and have even further solidified the unique relationship that exists between Anchorage and the Air Force base and the Army for which are our neighbors.

Over the years this has been a rich and mutually rewarding experience for both the military and the civilian communities. Despite the barriers which sometimes are placed between military forces and neighboring towns and cities elsewhere, there always has been an effort here to stress common interests rather than differing goals.

In place of friction, there has been respect. In place of aloofness, there has been a blending of social activities and the nurturing of friendships at all levels.

Gen. Scott and Gen. Jenes have encouraged this feeling and, indeed, have been ardent supporters not only of the military in in Alaska but of Alaska itself.

They will be missed. We wish them Godspeed and all good fortune in their new assignments.●

1981 NATIONAL CONFERENCE OF CHRISTIANS AND JEWS BROTHERHOOD AWARD

● Mr. GLENN. Mr. President, on March 25 in New York City, Howard Goldfeder, president and chief executive officer of Federated Department Stores, Inc., of Cincinnati, Ohio, received the 1981 National Conference of Christian and Jews Brotherhood Award. Mr. Goldfeder is the third chief executive of this nationwide department store chain to receive this award. In 1951, Fred Lazarus, Jr. received the award and in 1975 the recipient was Mr. Ralph Lazarus.

In a speech accepting the award, Mr. Goldfeder's comments concerning the needs of the cities and his company's dedication to staying in the core cities are most timely. As government reduces its funding, volunteer organizations must do a better job, he notes.

Mr. President, I ask that a portion of Mr. Goldfeder's remarks be printed in the RECORD.

The excerpt follows:

REMARKS OF HOWARD GOLDFEDER

Federated Department Stores plan to use funds from a newly established $15 million Federated Foundation to move towards doubling our contributions in terms of the portion of our pretax profits used for this purpose.

In 1980, overall company giving, including Federated's 20 divisions, amounted to $3.5 million.

Another part of our tradition is a dedication to the cities we serve. I think it is fitting that a diversified retail firm like Federated should have a commitment to America's cities. A recent book by a Berkeley professor named Gunther Barth says the department store was one of five developments that allowed the American city to prosper. The others were the apartment house, the metropolitan press, the vaudeville palace and organized baseball.

Cities, in turn, have been good to us. Unlike organized baseball, we don't intend to leave.

This is not to say it will be easy. These are difficult times for American business in general and retailers in particular. Inflation increases both the cost of the merchandise we buy and the cost of running our operations. Intense competition severely restricts our ability to reflect these increases in our prices.

The fact that the retail price index of department store goods in 1980 rose at a rate of only about half the overall inflation rate is a measure of the competitive environment.

So just running the business in a business-like way is a big challenge. What we need today is a combination . . . the aggressive pursuit of sales combined with the kind of innovation and discipline in our operations that will keep our business healthy. No easy task.

But more is needed as well. In this respect we are not one bit different than is the rest of the country, and perhaps particularly America's cities. Our cities have all had a difficult time of it in the recent past and will face fresh challenges in the 80's. Many of these fresh challenges will come because of changes in direction for our country as a result of the last election.

Most of us in the business community see these changes in direction as important to the very survival of America. I don't mean survival of America as a huge market for consumer goods. Or survival of America as a place in which corporations can make large profits and corporate executives can make large salaries. I do mean survival of America as the symbol of equality and justice and brotherhood for Christian and Jew, black and white, man and woman, young and old.

We could not survive to guarantee these things given the direction in which we were going. A bankrupt nation is not a nation in which brotherhood has any particular meaning.

Now that we have the change in direction, it is up to us to make sure the benefits of the change are as fairly divided as we are convinced they can be. We must make sure that as methods change, goals and ideals do not.

For we must remember, as all these programs fall by the wayside in the name of much-needed government economy, that the goals of the programs were almost always good, and founded in the highest possible ideals.

So if the cutbacks we're all reading so much about today mean a stronger America, better able to benefit all its citizens but without the mushrooming cost of the past, this is all to the good.

But we can't let less government in our lives and less cost to taxpayers mean less fairness to our minorities, less equality in American life, less opportunity for good jobs and a good education, less honesty in the marketplace, less health, less safety, less security for our older people, less art and culture available to fewer people.

How can we make sure this doesn't happen?

We can do this, I believe, by looking at this period in American history as an obligation for us to do more, rather than an opportunity to do less.

If we do not look at it this way, we will have failed our country and failed ourselves, as well. For in effect, we have been saying for many years that we can do the job better without so much government. We have made that promise and that promise must now be fulfilled.

We have promised to provide more and better jobs for our minorities, without mindless quotas.

We have promised to treat women in the workplace in the same way in which we treat men, without bureaucratic prodding.

We have promised to strike sensible balance between environmental concerns and the need for economic growth, without an interfering government.

We have promised to let the marketplace regulate prices, without needless rules and regulations.

We have promised to protect the health and safety of the men and women who work for us, without armies of inspectors.

We have promised to run our business in a way that is fair to our customers, without government interveners.

These promises must be kept. There are plenty of people who believe they will not be kept. If we do not keep them, we may never have another chance to have our convictions taken seriously.

So those of us who lead American businesses must make sure the businesses we lead are managed in such a way that these promises are kept.

We must also make sure that private not-for-profit organizations on which Americans have traditionaly depended for help in time

of need and for cultural enrichment are efficiently and effectively led and adequately financed.

It seems to me that we in the business community can do three things here.

First, we can make sure that we and our associates are providing the kind of high-quality volunteer leadership that is going to become increasingly important as the government steps away from a broad range of social and cultural programs. Strong volunteer organizations were once one of the unique halmarks of American life. A tendency to turn vast areas of human and cultural services over to the government weakened many of these organizations. We must, through our efforts, rebuild them.

Second, we must make sure the organizations we support are meeting real needs. As the government pulls back, needs will increase. Those of us who volunteer our time and contribute our money will have to do a better job than we have done in the recent past to set priorities and put more effort into those organizations which meet real needs.

And third, we are going to have to make sure those organizations that are filling real needs are adequately financed. A recent Conference Board study indicates that fewer than 30 percent of the two million corporations in the United States make any kind of charitable contributions at all.

Those companies that do not make contributions must be encouraged to do so. And those of us who do make contributions must be encouraged to do more. For many years, Federated has contributed considerable sums of money to charitable organizations. Last year our contributions totaled about three and one-half million dollars.

The new challenges of the 80's, however, make it clear that this is not enough. We have recently funded a charitable foundation with $15 million. Our current plan is to use funds from the foundation to move towards doubling our contributions in terms of the portion of our pretax profits used for this purpose. We won't do this overnight. But as needs increase we will increase our contributions to do our part to help meet them.

This is one way in which it is our intent to keep our promise to America. But keeping the promise is more than big companies giving away large sums of money.

Keeping the promise is a job for all of us as we go about our daily lives. I'm sure we will all do our part.●

PROPOSAL TO CAP MEDICAID

Mr. BAUCUS. Mr. President, I should like to engage in a brief discussion with the chairman of the Finance Committee regarding the proposal to cap the medicaid program.

It is not my intention to involve the Senate in a lengthy debate or vote on this proposal. However, it is my intention to express my disapproval for the cap. A cutback of Federal support for medicaid of this magnitude has the potential for doing great harm. As the director for the medicaid agency in my State recently said—

> The proposals take the heart out of basic human services.

In addition to expressing my reservations about the medicaid cap, I am hopeful that the Senator from Kansas will engage in a discussion of possible alternatives. I am also aware that several of my colleagues share my misgivings. The Senator from New York is here and also wishes to make some remarks about this issue.

The administration is proposing to limit the entitlement nature of the medicaid health insurance program for low-income people. In this fiscal year, roughly 18 million people will receive medical services under the medicaid program.

Just who are these people who depend on medicaid?

Two children, age 2 and 6, in an AFDC family of three. The father deserted the family. The monthly income is $252. The family lives in Great Falls.

A 45-year-old woman who spent 17 years of her life in a State mental hospital because no one was able to diagnose her disease as cerebral palsy. She was subsequently released, placed on medicaid and entered an intermediate care facility. Soon after she was able to move into a group home and is now leading a more independent life. She lives in Helena.

A foster care child, born illegitimately, who suffers from spinabifida. No one wants to adopt the child because of the medical expenses involved. The child lives in Billings.

A 70-year-old widow who lives on an SSI payment of $238 a month. She lives in Roundup.

A 45-year-old man, a former logger, who was disabled at work. He lives with his wife and three children. Their total subsistence income is about $500 per month. The family lives in Missoula.

These examples drawn from my State of Montana illustrate that the medicaid program is, indeed, benefiting the truly needy. It is a vital safety net that must be preserved.

The administration proposes to limit Federal expenditures for the program in fiscal 1982 to a 5-percent increase over the prior year and set the spending increases in subsequent years to the inflation rate, as measured by the GNP deflator. This restriction in growth will reduce Federal medicaid spending by $15 billion over the next 5 years. It would reduce spending by over $1 billion in fiscal 1982. These estimated cutbacks are conservative and could be substantially higher.

The administration's rationale is ostensibly to slow the growth of the medicaid program until fundamental reforms can be implemented. We still do not know much about these fundamental reforms.

I say to my colleagues that I have earnestly studied the proposal. I have genuinely tried to appreciate the rationale behind the measure. I have listened to Secretary Schweiker explain the necessity for the cap and assure me that States can absorb the cutbacks.

But in spite of these efforts, the logic behind the cap simply escapes me. It just does not make sense.

I fail to understand it because I look at Montana and I see that my State is now projecting a cost overrun of some $7.5 million and may be forced to abolish all optional services.

I do not understand it because I know furthermore that over half the States are facing similar large-scale medicaid cuts even before the cap is imposed.

A sudden and substantial limit on Federal expenditures will further threaten medical care for the indigent at a time when State medicaid budgets are already hard pressed.

In my judgment, the proposed cap is ill conceived and ill designed. It does nothing to address the endemic causes of rising health care expenditures. The effect of the cap will, in my view, shift costs to States and localities and diminish access to basic health care services for millions of our less advantaged citizens.

The proposal is flawed in many respects.

First, it punishes States—such as New York and Michigan—that have adopted or are implementing rational cost containment strategies. These State efforts need to be encouraged. A sudden loss of funds will imperil the innovative reforms States are now adopting.

Second, the cap puts the cart before the horse by cutting back on Federal funds before fundamental program reforms are proposed and implemented. These reforms may ease the regulatory burden on States and provide greater freedom and flexibility in administering State programs.

But, can we seriously discuss limiting the entitlement nature of medicaid before we know precisely what the administration has in mind when it talks about fundamental reforms? And, how can we seriously discuss limiting the entitlement nature of medicaid before we understand the degree to which this greater latitude will enable the States to reduce the costs of their program without eliminating essential benefits?

Third, many States are experiencing unexpected growth in their medicaid caseloads due to economic circumstances beyond their control. The proposed cap penalizes individuals in States that are economically hard hit.

Fourth, many States including my State of Montana, are now considering regulations to drop optional beneficiaries and services from their medicaid program. For some States there is no more fat to cut. They have cut back to the bone. I shudder to think how these States will absorb further shortages in funds.

For all of these reasons I strenuously object to the imposition of a cap on medicaid. The Finance Committee will be instructed to save over $1 billion in fiscal 1982 in its health programs. The Senate Budget Committee has already indicated that these savings can be accomplished in ways other than capping medicaid.

I look to my chairman of the Finance Committee for reinforcement here. It is my sincere hope that we can—with a little imagination—save this money without doing harm to the most neediest members of our society.

The Senator from Kansas is one of the most compassionate, sensitive Members of this body. He is widely respected for his concern for those among us who are less fortunate.

The Finance Committee is well known for developing innovative cost-saving proposals. As in past years, the staff has developed several alternatives for the committee's consideration.

Can the Senator offer me some assur-

ance that we in the Finance Committee will not take the easy way out? That we will seriously explore alternatives that will not impact directly on the medically indigent?

In my view, the imposition of the cap on medicaid is a shortsighted answer with long-term, irreversible consequences. I look to the Senator from Kansas for his wise advice.

Mr. DOLE. Mr. President, to balance the budget represents an enormous task. To do so, it will be necessary to break the momentum of spiraling Federal costs that has built up over the past quarter century. As many have pointed out, in just the last 10 years Federal spending has increased from $211 to $655 billion.

A balanced budget will certainly require a fresh look and a healthy skepticism toward programs that have often been built up laboriously over the years and strongly supported by proponents. Medicare and medicaid must certainly be included among those programs to be reevaluated.

The total health component is currently about 10 percent of the budget and 13.5 percent of the nonmilitary portion of the budget. The increases in this component have been rapid—from $1.8 billion in 1965 to $73.4 billion in 1982. In fact, medicare alone will account for about $48 billion in 1982.

Until recently, increases in the price of health care, as measured by the Consumer Price Index (CPI), consistently exceeded price increases in the rest of the economy. A major exception to this trend occurred during the economic stabilization program (August 1971 to April 1974 for health) when medical care prices increased at lower rates than general price levels. After these controls were lifted, medical care prices immediately began to increase faster than all consumer prices. Recently, medical care prices in total have been increasing faster than all consumer prices, with hospital room rates leading the way.

As a first step toward bringing these costs under control, the President has proposed a reduction of almost $2 billion in Federal spending in the medicare and medicaid programs in fiscal year 1982.

The Senator from Kansas is concerned, as are many of his colleagues, that these cuts, and any additional cuts which we decide upon during the course of our discussions today, be made very carefully. Numerous days of hearings have been held by the Senate Finance Committee to afford us the opportunity to hear from the public about the administration's proposals. The Senator from Kansas is grateful for the number of suggestions made by these witnesses, and I hope we can sort out these proposals and come up with specific spending reduction recommendations that are responsible, equitable, and help spread the burden of these cuts.

We will also consider those suggestions made by the Budget Committee and the administration. It is our belief, however, that both medicare and medicaid must be examined during this process. While recognizing that proposals for long-term reform are in the works, we believe some reasonable changes at the current time are both possible and desirable.

The medicaid cap which my distinguished colleague from Montana has raised for discussion at this time is one specific proposal that will be reviewed very carefully. The Senator from Kansas agrees that maximum flexibility for the States is a desirable goal. However, in providing this flexibility with one hand, we must not limit their funds so drastically with the other hand as to inhibit any positive innovation.

As my colleagues are well aware, for some time the States have requested increased administrative freedom with respect to medicaid so they themselves could design more cost effective programs. The President's proposal is designed to allow States the freedom to implement any number of changes, which could well result in a medicaid program better suited to each individual State while at the same time produce significant savings.

While the decision regarding a budget target will be set in the context of this debate, the details with respect to the specific proposals to reduce spending must be made within the appropriate authorizing committees. The Senator from Kansas assures his distinguished colleagues from Montana and New York that Finance will examine the medicaid cap and all other proposals very carefully.

The Budget Committee's recommendations to the Finance Committee do not bind us to any specific proposals. They are intended to leave us sufficient flexibility to achieve savings through various options. We may well want to consider alternatives to this proposal. I would like to maintain that flexibility for the Finance Committee and not begin a lengthy debate on specific proposals before the committee has had the opportunity to fully consider its options. I do believe, however, that the committee will be able to find the required savings. It seems to me that our concern today should be whether or not we can live with the Budget Committee number. I believe that we can.

Mr. MOYNIHAN. Mr. President, I thank the Senator from Montana for giving me an opportunity to join in this discussion.

I stand here as a representative of a State with 932,000 children who, through no fault of their own, will continue to need the assistance of the medicaid program. I mention children because 47 percent of the total medicaid population are children. I also represent 100,000 elderly and chronically disabled persons who will continue to require some form of long term care services provided by the medicaid program.

Like every other Member of the Senate, I am concerned about the cost of health care services. We are charged with looking at different ways of delivering quality health care in a more cost-effective manner. That is, and will continue to be, a fundamental challenge. Let us, therefore, pause and look to see whether the current proposal will help or deter us from reaching that ultimate goal.

I have carefully reviewed the proposal to cap the medicaid program and found that it would, if implemented, place community-based and noninstitutional programs more at risk than established institutional programs; that it would force States to reduce payment levels to financially hard-pressed health care providers; that it would cause States to start eliminating optional services and recipient classes from coverage; and that it would entirely exclude certain classes of providers from participation in medicaid.

As Senators, it is our responsibility to deliberate on these matters. We need to take a close look at the medicaid program as it is administered today. There are 52 separate medicaid programs with different eligibility standards and benefits; a Federal matching rate that arbitrarily penalizes States with large medicaid populations; 11 States with experimental and alternative reimbursement programs designed to reduce the cost of health care; and a program that still does not provide health care for millions of poor people. We are now being asked to reduce this program further. Let every Senator understand two things: First, we are not talking about reductions in a program that has covered all of those in need; and, second, the changes to come will occur because of fiscal pressures imposed by this administration, not because the need has suddenly vanished.

Again, this is the challenge to all Senators, and especially to those of us who sit on the Finance Committee, for it is under the jurisdiction of that committee where these decisions will come about. There are alternatives, some of them good, and we will look at them all.

I do have one last concern that I am compelled to state at this time: That this Congress not forget in its efforts to reduce the cost of the medicaid program the cost containment efforts of States like New York and Michigan. My State, along with others, learned years ago that health care costs could not continue to rise unabated. Therefore, New York State passed its own laws that would allow it to curtail the rate of increases in the medicaid program, and since 1975 the State has saved $2.4 billion. Because New York's cost containment efforts have been so successful in eliminating excess health care costs, this State would be especially penalized by the proposed medicaid cap. It is only fair that these efforts be given consideration in the coming debates.

AMERICAN CONCERN WITH FOREIGN POLICY AND NATIONAL DEFENSE

● Mr. GLENN. Mr. President, it seems to me evident that we are at a watershed in our foreign policy and in our views of what constitutes an adequate military instrument to support that policy. The ominous rise of Soviet adventurism and an exponential increase of our dependence of importing critical materials have contributed to a quickening of American concern with foreign affairs and national defense.

Immediately after World War II, the Soviet threat was seen mainly as the

danger posed by a massive Red Army ready to strike from its bases in Eastern Europe. More recently, the Soviets embraced détente because of their military weakness. All the while, however, the U.S.S.R. was embarked on a campaign to achieve military superiority.

Throughout the past decade, Soviet military spending has far outstripped that of the United States. And as they have grown stronger, the Soviets have become more adventurous. They have sown the seeds of violence in Africa, in Asia, and in the Middle East, and Latin America. For the first time since World War II, the Red Army marched out of the Soviet bloc to invade Afghanistan.

That the United States has grown increasingly dependent on imported raw materials was brought into sharp relief by the OPEC oil embargo of 1973. But there is now an awareness that other imports such as cobalt are also critically vital to us. Without these materials, we could be as severely crippled as if we had been ground under the heels of an invading army.

At this same time of expanding Soviet adventurism and material interdependency, we are also embarking on strengthening our long-neglected military forces. Given the great expense and long lead times necessary for this renewal of our defenses, the general directions of our military programs that we initiate now will largely determine the capabilities and limitations of our military forces into the next century. Unless we factor in our relevant foreign policy interests, we may find ourselves later in a position where military limitations restrict our foreign policy options or where the capabilities we do have dictate less than satisfactory choices. The jury-rigging we have had to do to project a modest military presence in the Indian Ocean region should be a sufficient lesson to us in this regard.

I ask that Gen. Maxwell D. Taylor's splendid article that recently appeared in the Washington Post be entered in the RECORD. Entitled, "Tell the Military Exactly What You Want," General Taylor endorses views that have been held by some of us for a number of years: Namely, that the general shape of our Nation's military forces should be determined by our national interests abroad and by the foreign policies we adopt to protect those interests.

I ask also that my attached letter to the chairman of the Foreign Relations Committee be entered into the RECORD. Dated nearly 2 years ago, the letter calls for a definition of our likely future interests and the foreign policy requirements that would guide our defense planners.

The material follows:

[From the Washington Post, Mar. 11, 1981]

TELL THE MILITARY EXACTLY WHAT YOU WANT

(By Maxwell D. Taylor)

At a time when President Reagan is asking sacrifice and greater efficiency in the civil sectors of government, he would be well advised to display equal toughness in examining the military policy recommended by the Pentagon. To do so, he should require evidence of how major military requirements relate to the protection of specific national interests and to the support of the foreign policy he expects to carry out. Thus, he could verify the correlation of military with foreign policy before committing himself to the vast new military programs, consisting largely of high-priced weaponry, now being pressed upon him.

No such linkage between foreign and military policy has even been effected in the past. A recent example of failure of policy correlation was the sudden proclamation last year of the Carter Doctrine in response to the Soviet invasion of Afghanistan. With little warning, the armed forces found themselves responsible for the defense of the Persian Gulf region, barren of bases and allies and practically on the doorstep of the Soviet Union. The Department of Defense is still struggling to give some credibility to the political decision by shifting naval forces needed elsewhere to the Gulf while touting the creation of a Rapid Deployment Force. The latter, to date, consists only of several hundred officers and men, a few contingency plans and a couple of robust interservice feuds.

As it takes a fresh look at our overall foreign policy today, the Reagan administration has a precious opportunity to demand from Defense a clear and timely military policy consistent with its major political objectives. But the civil leaders must be ready to give the military specific guidance of a sort generally lacking in the past.

For maximum utility, such guidance should clearly outline the major tasks the armed forces would be expected to perform in the next five to 10 years. In the case of the strategic forces, it would likely reaffirm their primary task as the deterrence of a Soviet strategic attack on us or our allies. But what kind of forces would produce this deterrent effect? The guidance might properly prescribe that adequate forces be able to destroy certain specific Soviet target systems under certain stated conditions with a minimum acceptable percentage of probability. On the other hand, it might revert to the fallacy of seeking parity with the Russians in numbers of weapons.

For the general-purpose (non-nuclear) forces, it would no longer suffice to say, as in the past, merely that they should be able to fight one-and-one-half or two-and-one-half wars simultaneously without indication of where and how long they would be expected to fight without benefit of major reinforcement.

In NATO, the immediate question is how to offset the increase in the strength of the Warsaw Pact and, in so doing, how to obtain a larger military contribution from our allies. Our military chiefs will need to know to what extent, if any, they should plan to modernize NATO weaponry despite allied coolness to the idea and whether to consider a further increase in our own forces currently deployed there. In the latter connection they need to know what percentage of our current combat strength can be safely committed to this area beyond an ocean that our Navy may not be able to control.

In the Middle East, the first question to answer is whether the Reagan administration adheres to the Carter Doctrine unchanged and expects the Pentagon to give it military meaning. If so, what level of defense is desired—a military presence merely to show the flag, or a tripwire force big enough to force the Soviets to attack and face the possibility of unpredictable escalation? Or will the eventual goal be a major defensive front comparable to that currently in Western Europe? In any case, where will the trained manpower come from to provide combat-sustainable forces without a return to peacetime conscription?

Because of the costs involved, the military planners should receive guidance as to the level of readiness to be required of operational forces. It will not do to say merely that all forces should be ready to fight anywhere at any time but, rather, that specified task forces should be ready to go to certain places in an order of priority. A trained combat unit in the United States has little timely value without the ships and aircraft to move it to its destination overseas and a supply line to forward it munitions, supplies and loss replacements. Task readiness of this sort requires carefully coordinated interservice planning—something we have done imperfectly in the past.

In addition to these longstanding threats in Europe and the Middle East, there are new conditions arising worldwide affecting our interests that a new military policy must recognize. Three are particularly important: the growing dependence of the economy on access to overseas markets, the instability and turbulence resulting from excessive population growth in many Third World countries of vital interest to us and the dangers to our citizens and our overseas assets of international terrorism. To cope with the foregoing, our military leaders are entitled to know what role the armed forces will be expected to play where and under what conditions.

With comprehensive guidance of the sorts I have mentioned and a presidential mandate to produce and maintain forces capable of the tasks indicated, the Department of Defense should be able to produce an appropriate policy and force structure. If so, the results could be extraordinary.

For the first time, we would have an appropriate linkage of foreign and military policy and, at the same time, a sound basis for justifying military needs.

We would have established task-readiness as the measure of military sufficiency and, in so doing, rejected the fallacy of matching numbers with the Russians.

The armed forces would be protected from their innate inclination to prepare for the kind of war they would prefer to fight.

In due course, the president would regain a voice in international councils strong enough to ensure the close attention of all present—especially the Russians.

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., October 11, 1979.

Hon. FRANK CHURCH,
Chairman, Foreign Relations Committee, Washington, D.C.

DEAR MR. CHAIRMAN: When the SALT Treaty came before the Senate Foreign Relations Committee, I was in full harmony with those who hoped that the Treaty could be considered on its own merits and not linked to other matters. In the course of the hearings, however, the Armed Services Committee, former Secretary Kissinger, and the Joint Chiefs of Staff expressed their concerns regarding the trends in the growth of our military capability vis-a-vis the Soviet Union. Their support of the Treaty in large measure hinged on making adequate provision for our future military strength.

While I share those same concerns and think we must deal with them, I nevertheless had hoped that once the concerns had been expressed, they could be put aside while we went ahead with our consideration of SALT. Debate on the military concerns, with the Foreign Relations Committee taking its very proper role of assessing the implications of a military buildup, would follow. As you know, things have not worked out as I had hoped.

Instead, the Administration has taken up these concerns now in an effort to gain SALT support, and in my view—despite Secretary of Defense Brown's statement to the contrary—have linked military concerns very definitely to the SALT Treaty. For example, they are going to pull defense matters out of the budget for early presentation (by late November according to testimony of Secretary Brown).

They say that the percentage they are going to submit would have been submitted with or without SALT, but it is no secret that discussions are under way in the Administration, at the highest level, to submit not only a 5-year plan, but to also address the proposals for a 5 percent increase demanded by those who have linked their support for SALT to an increased military budget.

This means that some very basic decisions regarding size of the military budget and of at least some of the equipment therein will be started by those who have linked their support for SALT solely to the issue of increased defense expenditures, with careful consideration of other foreign policy matters and all the international implications thereof, receiving little initial consideration.

This can be one of the most important decisions for our foreign policy, and the military back-up to that policy, that has been made by the United States in the last 20 years. It has been at least that long since we have made such major commitments, and these new commitments may well determine our military programs and our foreign policy direction for the next 20 years.

It seems to me that even a casual observer of the world scene would recognize that we are truly at a watershed period in our foreign policy, and our military alignments around the world. In early post World War II days, we still had the big powers exerting a major influence around the world, but from those days when the United Nations was formed with 51 nations, we have seen the breakdown of big power influence around the world. The British are no longer "east of Suez". The French, British, Belgians, etc. are no longer holding sway over major portions of Asia and Africa. Membership in the United Nations has risen to 151 nations, with many of the LDC's organized into "nonaligned" status. Simultaneously there has been a tremendous growth in Soviet military power, particularly in conventional weapons. We are also all familiar with the new technique of using surrogates to perform missions around the world on behalf of the Soviets.

With our dependence on Middle East oil, we have noted a Soviet coup in Afghanistan, moves by Cuban surrogates across Africa from Angola to Ethiopia and Somalia, with moves into South Yemen on the Saudi Arabian border, as well as an increased presence in the Indian Ocean astride our oil supply lines. In Asia the Soviets have significantly increased the number of combat troops on disputed islands north of Japan and have expanded the Soviet/Viet Nam war against Cambodia. Closer to home the Soviets have absolutely refused to accommodate us when their move into Cuba was discovered. Moreover, other moves apparently are going on in the Caribbean—Grenada, for example.

We can no longer ignore this Soviet expansionism around the world. Very fundamental issues of American foreign policy are involved that I believe should be very carefully considered before the defense budgeting matters now linked to SALT, are put into place or are decided upon even in a tentative fashion. Although the Armed Services Committee will not consider the arms alignment that we need in a policy vacuum, it seems to me that these are considerations in which the Foreign Relations Committee must also be involved and play a very vital role.

We have not had considerations of this kind even vaguely discussed before the Foreign Relations Committee this year because of all the emphasis on SALT. Now that there is linkage occurring in this bigger defense budget context, it seems to me that we must address the foreign policy implications or we will be in the position of seeing what would normally be a Foreign Relations Committee responsibility go to the Armed Services Committee by default. It will do us little good to discuss foreign policy alignments that might have better contributed to U.S. security once the weapons buys and military alignments are set on course.

I know of your personal concerns regarding the situation in Cuba and your belief that those troops must be withdrawn or at least certified as non-combat before you believe SALT has a chance of passing. You have also stressed the fact that the nearness to our shores is a most important factor. Important as those factors are, however, it seems to me that one of the most important aspects of the Cuba situation is that it highlights a pattern of Soviet expansionism around the world with which we now must come to grips.

There seems to be at the present time, however, an urgency to move SALT mark-up, which I admit I do not fully understand. To be pushing for such rapid mark-up just to have SALT II through the Committee and "at the ready" for a propitious moment to occur on the Senate floor hardly seems to be necessary when we have some of these other momentous items that we have not yet considered, and I refer to the Armed Services deliberations of the defense budget as well as your immediate concerns about the situation in Cuba.

I believe that military forces and alignments should be based on a well-thought out foreign policy and not vice versa. As I have discussed with you before, I have hoped for a long time that we could work much more closely with the Armed Services Committee because our efforts are so intertwined.

It seems to me that with defense expenditures and alignments being now linked to the SALT Treaty, it is incumbent on us to move toward policy considerations which are the province of the Foreign Relations Committee. I suggest we set aside our scheduled mark-up sessions on SALT and engage in policy discussions as the defense budgeting is brought to the Congress. I believe the immediate future will see us setting in place the direction for our military alignments for perhaps the next generation, and to let the policies involved in those decisions be made with little or no consideration by the Foreign Relations Committee is to me not fulfilling the jurisdictional role we have for the United States Senate. Those decisions will go to the Armed Services Committee by default.

Thank you for your consideration of this matter, which I hope we can discuss at our next business meeting.

Sincerely,

JOHN GLENN,
U.S. Senator.●

IRS PERSONNEL CUTS—PENNY WISE AND POUND FOOLISH

● Mr. BAUCUS. Mr. President, last week the Senator from Iowa, who is chairman of the Finance Subcommittee on Oversight of the Internal Revenue Service, expressed his concerns about the cuts in the budget for the Internal Revenue Service. As the ranking member of that subcommittee I want to join with the Senator in this matter.

Mr. President, the American tax system is founded on the principle of voluntary compliance. The very effectiveness of our tax system depends upon the willingness of taxpayers to accurately assess themselves and voluntarily pay their taxes. But the President's fiscal 1982 budget request for Internal Revenue Service personnel continues a pattern that threatens to undermine our voluntary compliance system.

Despite evidence that clearly shows that IRS is the one case where additional expenditures contribute to reducing the deficit—additional IRS personnel yield much more in increased revenue than the cost of their salaries—this administration plans not only to continue, but to increase, the cuts in IRS staffing. The President's 1982 budget proposes a 3,500-position cut in IRS personnel over the Carter administration's January budget. These cuts are penny wise and pound foolish.

I support efforts to reduce the size of the Federal Government. But I find it hard to understand why this administration, which has made a balanced budget a major goal, would continue the unsound practice of reviewing revenue-producing programs with the same criteria used to assess revenue-spending programs and thereby fail to fund sufficiently the Federal Government's main revenue-producing agency.

The President's budget package states that because proposed reductions in marginal tax rates are expected to enhance voluntary compliance, the slight increase in IRS enforcement personnel proposed in the January budget, other than those for collection of unpaid taxes, will not be necessary.

The facts do not bear this out. There are dangerous consequences from continuing the current understaffing of IRS: revenue collections will continue to suffer; voluntary compliance will continue to decline; and the tax protest movement will continue to grow. IRS is currently overwhelmed by millions of delinquent accounts, with unpaid taxes increasing from $13.3 billion at the end of 1979 to $15.8 billion at the end of 1980. These are taxes legally due and owing—taxes shown due on returns when filed, taxes withheld from employees' wages by employers and not paid over to the IRS, and the like. At the same time, the percentage of returns audited has continued to drop, inducing more and more taxpayers to play the "audit lottery."

During hearings last October before the House Committee on Government Operations, testimony and documents were presented that vividly illustrate the shortsightedness of OMB's decisions on IRS budget requests that have apparently been the rule for several years. These documents describe the growing problems resulting from continued underfunding of IRS and show how the Treasury Department has tried to persuade OMB of the critical need for increases in the size of IRS. The following is from a 1977 Treasury policy document:

> Sizable revenues have been and are being lost by continuing inadequate levels of tax administration. Compliance measurement studies show a projected under-reporting of $80.3 billion in recommended individual income tax for the fiscal year 1977–83 period. In contrast, the cumulative additional tax recommended through the IRS audit program will total approximately $11 billion at current resource levels. This amounts to a windfall for those not paying their fair share of about $70 billion over the 1977–83 period. Our self-assessment system depends on taxpayers' perceptions that all are paying their fair share of taxes.

The following is from an attachment to a September 8, 1977, letter from

Treasury Secretary Blumenthal to OMB Director Bert Lance:

Treasury is in a unique position to help achieve the goal of balancing the budget by 1981 by increasing revenues through improved enforcement of our tax laws. The budget process has suffered from a perennial problem of setting expenditure ceilings without due consideration to the effect this has on the ability of revenue producing programs to assure the adequacy of federal receipts. This has resulted in needless increases in deficits and the national debt. Thus, the traditional budget approach aimed at restricting all expenditures has created a paradox. The funding of revenue-producing programs has been viewed as competing with, rather than facilitating, virtually all remaining programs of the government without regard for the fact that receipts vary with the size of the tax administration effort.

A 1978 letter from Secretary Blumenthal to OMB Director McIntyre stated in part:

As discussed last year with the President, we believe it is counterproductive to unduly restrict the budget of the IRS when expenditures for appropriate activities return substantial additional revenues. . . . Aware of the President's overriding goal of keeping employment and expenditures at the lowest feasible level, the Department this year is not submitting additional revenue raising proposals. We feel that such restrictions on the principal revenue-producing activities of the government are short-sighted. We strongly believe that such expenditures would be cost-beneficial and would help to lower the budget deficit.

And finally, in another letter from the Secretary of the Treasury to Mr. McIntyre, dated November 19, 1979:

The Service is simply unable to handle the work load requirements placed upon it with the level of resources it has in Fiscal Year 1980. Over the past few years, most programs have eroded to the point where the IRS's decreased capabilities may themselves soon adversely affect the level of voluntary compliance.

A review of IRS's budgets for this period, as well as a review of the budget deficits—$45 billion in 1977 to $59 billion by 1980—indicates that OMB was unswayed by these arguments. The fiscal 1982 budget demonstrates that OMB's current decisionmaking process is apparently the same—revenue-producing programs continue to be treated the same as revenue-spending programs.

At the present time, there are disquieting signs that tax enforcement needs to be increased, not reduced—among them the growing number of illegal tax protestors and the widespread broadcasting of techniques used to avoid reporting income. We all have read reports of the tax revolt among the Michigan autoworkers. Some workers have said that if the tax revolt gets big enough, they will join.

There was a time when the American Federal income tax system was the envy of governments all over the world. In some countries, like France and Italy, cheating the tax collector is almost a matter of honor. But, in the United States, while people might complain about their taxes, as good citizens they have always paid them. But the numerous reports of a growing "underground economy," of the tax revolt, of surveys that indicate a large number of Americans have no qualms about cheating on their taxes, show just how far from that idyllic era we have come.

One of the major causes of this change is the continuing erosion of IRS enforcement activities. A 1979 Roper tax survey revealed that 29 percent of taxpayers believe that cheating is high, while another 27 percent believe that there is a medium level of cheating. The potential for self-fulfilling disaster to one of the great sources of strength of this country is so serious that it warrants the urgent attention of Congress and the administration.

I am not advocating increasing taxes. I am proposing that the IRS be given enough staffing to be able to deal more effectively with those taxpayers who are failing to pay their taxes or who are evading their fair share of the tax burden through elaborate tax avoidance schemes, such as the well-known "silver-straddle" and other questionable or outright illegal tax shelters.

The 1982 budget states that due to cuts in personnel, the IRS will have to curtail some of its efforts to match information documents to returns, which is aimed at locating those who fail to file returns or who fail to report all their income; that there will be 225,000 fewer audits than in 1980; and that delinquent accounts will increase by 872,000 from 1980, to a total of over 2 million delinquent tax accounts. In fairness to those who report their income and pay their taxes, the IRS should be staffed sufficiently to pursue those who evade paying their taxes.

At the same time as I am urging adequate staffing for IRS, I am also well aware of the many complaints against the agency—that it is already too powerful. I am concerned about these complaints and therefore I will be reintroducing my taxpayers' bill of rights which provides important protections for taxpayers against IRS abuses.

However, if the taxes already due and owing could be collected and if taxes could be assessed and collected on even a percentage of the growing unreported income—estimated by the IRS to be as high as $135 billion in 1976 and by others to be as high as $600 billion today—the resulting revenues would probably more than cover the projected budget deficit for 1982. It is therefore mind numbing that President Reagan's budget cutters are proposing a 3,500-position reduction in the IRS, thereby making tax fraud even more attractive.

The 1982 budget shows decreases in key IRS enforcement personnel: revenue agents are decreased 108 from 1980; tax auditors are down 719; and special agents, those who investigate corporate and individual fraud, organized crime figures and narcotics traffickers, and illegal tax protestors, decreased by 90. These cuts, coupled with recent statements by the Attorney General that enforcement activities will be concentrated more on street crime than on white-collar crime, sends a message to the American public, whether or not intended, that the Federal Government is less concerned with enforcing the tax laws.

The goal of balancing the budget requires not only stringent expenditure controls, but also effective production of revenues. One of the causes of unbalanced budgets and bigger deficits over the past several years has been the fact that the Government has been losing significant revenues, due in large part to inadequate funding for revenue-producing programs.

Direct expenditures for IRS revenue-producing programs yield impressive returns—collection programs are the highest, with a net yield-to-cost ratio of approximately $20 to $1, while the ratio for the examination program is $5 or $6 to $1. In addition, a ripple effect can be expected from stepped-up tax administration efforts, which further increase receipts through higher voluntary compliance and contribute significantly to future balanced budgets.

As the figures show, IRS is a remarkable bargain—the average citizen would think the Government is crazy not to spend $1 to take in $5 or $6, much less $20. But the figures which show the growing amount of unreported income also indicate that the IRS is clearly not supplied with enough staff to search out effectively those who cheat.

Americans who voluntarily pay their correct taxes justifiably resent the fact that those who cheat and evade paying taxes and are not caught make the burden greater on all honest taxpayers. If IRS were provided sufficient staffing, those who have been evading and cheating can, at long last, begin to supply some of the very large amounts of revenues that our Government needs to work out of its current economic problems.

I ask that the following two articles be printed in the RECORD.

The articles follow:

[From the Los Angeles Times, Mar. 2, 1981]

STOP, THIEF! TAX CHEATS ARE NOT AMUSING—THEY STEAL FROM THE REST OF US

(By Ernest Conine)

There was a time when the American federal income-tax system was the envy of governments all over the world. In France and Italy, cheating the tax collector—or at least trying to—was almost a matter of honor. But in the good old U.S.A., people might grumble about the taxes but as good citizens they were willing to pay up.

Two recent items in the news show how far from that idyllic era we have come.

The Internal Revenue Service disclosed that it was moving to quash a growing tax revolt among 3,500 Michigan workers who have tried to escape income-tax withholding from their paychecks by claiming as many as 99 dependents.

In a separate action, the service charged that up to 4,000 airline pilots had participated in a massive tax-fraud conspiracy involving the creation of fictitious income-tax deductions amounting to perhaps $100 million.

With the April 15 filing deadline only a few weeks away, a lot of people are no doubt tempted to look on such violations with amused tolerance.

They shouldn't. Any American who deliberately cheats on his taxes is a thief stealing from the pockets of honest citizens just as surely as though he stuck a gun in their ribs. To the degree that the tax cheat pays less than his lawful share of the tax bill, honest taxpayers must pay more.

Whether he works on an auto-assembly line or in the cockpit of a Boeing 747, the

tax evader who is caught and convicted deserves jail or a heavy fine.

Having said that, it is pretty obvious that something also needs to be done about a national climate that is beginning to make tax cheating fashionable among otherwise law-abiding citizens.

A survey of 5,000 households across the nation, commissioned by the Internal Revenue Service, found that almost a third admitted being "less than absolutely honest" in reporting their incomes or their deductions to the tax collector. The amounts of unreported income ranged from $1 to $6,000. Those surveyed admitted to false or exaggerated deductions ranging from $2 to $2,000.

Although most of the cheating is petty, it adds up to big bucks. Mortimer Caplin, one-time commissioner of internal revenue cites studies suggesting that as much as $135 billion of taxable income went unreported in 1976. The figure would be larger now.

If taxes could be collected on this unreported income, the resulting revenues would by themselves finance a pretty substantial across-the-board tax cut. In other words, if everybody paid what he owed, nobody would have to pay as much.

The trouble is that seemingly millions of Americans have convinced themselves that, because taxes are higher than they think they ought to be, they are entitled to arrange do-it-yourself tax cuts. According to the study cited by Caplin, an astonishing 35 percent to 40 percent of all income earned by self-employed people—doctors, lawyers, plumbers, repairmen and the like—is never reported. A third of all rental and royalty income goes unreported, the study concluded, as does some 20 percent of capital gains on property sales and up to 16 percent of interest and dividend income.

Obviously, a serious deterioration has occurred in the once-vaunted willingness of the American taxpayer to pay what he honestly owes.

Part of the answer lies in a lack of tough, credible enforcement. It's mind-numbing to note that President Reagan's budget-cutters propose to make tax fraud even more attractive by firing hundreds of the revenue service's investigators.

Inflation itself is a major villain. Although the average American's purchasing power has gone up little if any in recent years, inflation has pushed him into higher and higher tax brackets.

As he casts around for a way to cope, the taxpayer has the example set by businessmen and other upper-income people, egged on by their lawyers and tax accountants, in seeking out tax shelters.

Not all tax shelters are bad, of course. Most were enacted to encourage investment in socially useful or productive channels. And genuine efforts have been made to close the blatant rip-offs resulting from willful distortions of legal intent.

But, as tax lawyer Gerald J. Robinson wrote in the New York Times, "As soon as loopholes are closed, clever tax attorneys hired by the promoters invent others."

Most people, however, have neither the money nor the know-how to play the game. About the only tax shelter available to them is the interest paid on their home loans. A certain number are tempted to create their own shelters through petty and not-so-petty cheating.

But explanation is one thing, and justification quite another. Every citizen is entitled to complain about taxes, and to work within the system to have them reduced; he is not entitled to go outside the law. Proposition 13 shows that an aroused citizenry can make its fight within the system and win.

The average citizen is also entitled to demand that his elected representatives do a better job of outlawing abusive tax shelters and keeping new ones out of the law.

But let's face it. We have high taxes because we have high government spending. And we have high spending because we expect Washington to provide for national defense, pay Social Security, support the educational and health-care systems, subsidize farming and scientific research, and throw a lifeline to the needy.

The Reagan Administration is reflecting a public consensus that government has grown too expensive. If enough people let their congressmen know that they agree, spending cuts will open the way for tax cuts. Just as rising taxes have helped make crooks out of honest people, falling taxes can help reverse the process.

Meanwhile, it's incredible that so many Americans wink charitably at the charlatans who, by giving themselves a free ride, make fools of the rest of us.

[From the New York Times, Mar. 15, 1981]

STOP TAX CHEATS, HELP THE ECONOMY

(By Harold W. Felton)

The Internal Revenue Service has estimated a revenue loss of $35 billion for 1976 and of $50 billion for 1979. Such is the extent of the "underground economy," which pays no income taxes.

Figures of this size seem worthy of serious consideration by President Reagan in his effort to avert the day of reckoning.

In his report for 1979, the Commissioner of Internal Revenue, Jerome Kurtz, disclosed that $75 billion to $100 billion in individuals' 1976 income from legal activities were unreported. The result was a loss to the Government of $13 billion to $17 billion in taxes. The commissioner also estimated that individuals engaged in illicit drug sales, illegal gambling, and prostitution in 1979 escaped the payment of $6 billion to $9 billion in taxes from an estimated $25 billion to $35 billion in unreported earnings. Many others believe all of this is but a small part of the underground economy. Later studies put the total of taxes so evaded in 1976 at $35 billion. For 1979, the activities of the underground economy resulted in an estimated tax loss of $50 billion.

Government officials have estimated that additional agents, searching out and uncovering those who file no returns, would produce $12 for each $1 spent.

The President may very well find these circumstances worthy of serious consideration as he fights to improve the nation's economic condition, which he describes as a calamity.

There is a fair and simple way to resist some tax cheats. That is enactment of a law providing for withholding of taxes on dividends and interest.

The I.R.S. has estimated that unreported interest and dividends amounted to $7.5 billion to $14.1 billion in 1976. The tax loss amounted to $1.25 billion to $2.3 billion. Also, fiscal observers believe that very substantial amounts of tax money could be recovered by reporting of, and withholding of tax on, payments made to independent contractors.

It is fair to say that money spent by the I.R.S. is a remarkable bargain for the public. In 1979, it cost a mere 46 cents to collect $100 in taxes. However, the I.R.S. is not supplied with enough money to search out tax cheats or to examine many returns. Financial need restricts it to the examination of about 2 percent of individual returns.

The process yields about $5 in tax for each $1 spent. That seems to be money well and profitably used.

More money for more examinations obviously would supply more revenue as well as long-delayed justice for tax cheats. In 1980, 2.02 percent of individual returns filed (for 1979) were examined, resulting in $1.977 billion additional tax and penalty recommendations, an average of $5,212 per return. No change was made in 39 percent of the returns examined. In 1980, 6.48 percent of corporate returns filed were examined, resulting in $6.008 billion additional tax and penalty recommendations, an average of $44,972 per return. No changes were made in 21 percent of the returns examined.

Some, or most, of the recommendations of additional tax and penalties arise out of the serious problems that honest taxpayers experience in attempting to make correct returns in the face of the obviously arcane provisions of the Internal Revenue Code and the Regulations.

Taxes are the lifeblood of the nation. Honest taxpayers justifiably may resent the fact that tax cheats fail to contribute to this all-important blood bank.

If President Reagan communicates the stark reality of the present condition to the people in the fashion be seems capable of doing, the honest taxpaying public will respond enthusiastically. Perhaps tax cheats can then, at long last, supply some of the very large amounts of money the Government needs to work its way out of the economic mess.

Mr. Reagan has said that there will be no sacred cows in the changes he proposes. Among the most sacred of sacred cows have been the tax cheats. They are waiting to be milked, with the others who honestly and voluntarily undergo the process.

There is a great Augean stable waiting for the President's attention. The miasma that suffocates the Internal Revenue Code with exceptions, deductions, exclusions, complications, irrationality, tax shelters, and loopholes, is worthy of a new Hercules. But in order not to get lost in all of that now, the first order of business is to allow the tax cheats to join in the solution of the nation's problems.

Harried citizens, eager to pay their fair part, may hope that President Reagan will agree with William Jennings Bryan, who said: "When I find a man who is not willing to bear his share of the burdens of the government which protects him, I find a man who is unworthy to enjoy the blessings of a government like ours."●

LEGAL SERVICES CORPORATION

● Mr. HART. Mr. President, as Congress continues its efforts to reduce Federal spending and achieve a balanced budget each of us has a responsibility to identify programs that do not work, are no longer necessary, or can be deferred. We have worked over the past month to do that and have successfully proposed savings of more $40 billion. We have an equally important responsibility, however, to identify and preserve those programs that are critically needed, do work well, represent an efficient use of Federal dollars, and successfully accomplish their intended objectives. The Legal Services Corporation is such a program. When the Budget Committee begins consideration of the first concurrent budget resolution for fiscal year 1982 next week, I will propose restoring approximately $260 million of the $321 million for the Legal Services Corporation which the President has proposed to terminate.

Two plain facts about the Legal Services Corporation support its continued existence at an adequate level of funding. First, it serves an absolutely critical public need which would otherwise not be served. Second, it serves it well, with a degree of efficiency and effectiveness almost unmatched by any other Federal

program. By the President's own standards this is a program his administration should support, if not look to, as a model of how to allocate scarce resources.

The Legal Services Corporation provides access to legal assistance for millions of Americans who would otherwise have nowhere else to turn. This access to justice is the basic underpinning of any society based on law. Equal enforcement of our laws is one of this Nation's oldest ideals. All Americans, Democrat or Republican, liberal or conservative, black or white, subscribe to it, and cherish it. But there can be no equal enforcement of the law unless all citizens can participate in the legal process.

Federally funded legal services are currently available to more than 30 million people living at or below the poverty line. The Legal Services Corporation now funds more than 300 legal aid programs which operate more 1,450 offices throughout the country. All 3,000 counties in the United States are served by the program.

Last year legal services handled more than 1.5 million legal matters affecting the lives of millions of low-income Americans. Such legal assistance is absolutely essential when the law increasingly pervades every aspect of citizens' lives, particularly the lives of those who depend on Government aid for food, shelter, and other vital services. The Corporation-funded legal programs helped these individuals resolve routine family law matters, housing problems, consumer disputes, and other similar legal problems. Through the programs funded by the Legal Services Corporation the poor have been able to make our justice system work for them.

In my own State of Colorado, low-income people receive assistance with their civil legal problems through four nonprofit legal services programs. These programs receive 80 percent of their funding from the Legal Services Corporation. With this funding, legal services were provided to 12,633 low-income people in the last fiscal year.

Legal services clearly meet one of our society's most essential needs. Without Federal funding this need would not be met. Legal Services Corporation funding supplies approximately 85 percent of the total funding for civil legal services nationwide for the poor. The remaining 15 percent is supplied by private attorneys, foundations, and others. The Reagan administration has not offered a shred of evidence to indicate that any other resources would be available to substitute for or replace Federal funding of legal assistance. Pro bono services meet only the smallest fraction of the need. And State and local officials have never viewed as their responsibility to fund legal aid lawyers who may sue them on behalf of low-income clients.

The Federal legal services program has worked exceedingly well since it was initiated in 1965. It is a model of administrative efficiency and has proved to be an economical and effective structure for funding legal assistance to the poor. Overhead costs are less than 3 percent of its total budget.

The Legal Services Corporation does not provide legal services directly. Rather it funds State and local legal service programs across the country. Corporation-funded programs are all locally controlled through boards of directors made up of residents of the communities they serve. This local control allows each program to effectively meet the particular needs of its clients.

Because the legal services program meets essential basic needs and has a demonstrated record of efficiency and effectiveness I will strongly oppose the administration's proposal to terminate all funding. Like other Federal programs the Legal Services Corporation must be prepared to accept some cuts in its budget. Anything greater than a 20-percent cut would, however, seriously damage the program and undermine its ability to efficiently provide needed legal assistance. Accordingly, I intend to propose restoring approximately $260 million for the Legal Services Corporation both in the Senate Budget Committee and on the Senate floor if necessary.

I will oppose any efforts to include legal services in some kind of block grant proposal, because such a funding mechanism would also seriously undermine continued aggressive legal representation of the poor.

A block grant approach would require a total restructuring of legal services. Block grants would create conflicts of interest for State or local officials responsible for allocating funds since the poor's legal disputes are often with the same public officials who also make decisions about low-income housing, welfare, health care, and other issues of particular importance to the poor. Block grants would also impose a new layer of bureaucracy in a program that has consistently been a model of administrative simplicity. Finally, it will destroy the political independence essential to insuring access to justice to the poor.

The Legal Services Corporation represents government at its best. It should be maintained at a level of funding adequate to insure that all Americans will have access to our system of justice.●

NEED FOR A LIBERAL GUESTWORKER PROGRAM

● Mr. SCHMITT. Mr. President, on February 5, 1981, the Las Cruces, N. Mex., Sun-News published an editorial dealing with proposals by the Select Commission on Immigration. This editorial was reprinted from the Milwaukee Journal, an area far-removed from the Southwestern border and New Mexico. It is interesting to note that even in Milwaukee the need for a liberal guestworker program is needed, at least for a period of time. The editorial stated:

> First, the nation needs to greatly expand its present guestworker programs so that aliens could legally enter the United States for jobs that Americans don't care to do.

I and others who have studied this issue know that a guestworker program is not the entire answer but only a part of the solution. I have introduced legislation, S. 47 (The United States-Mexico Good Neighbor Act of 1981), cosponsored by Senators LAXALT, LUGAR, HATFIELD, MCCLURE, GOLDWATER, and GARN, which would set up such a program. Identical legislation (H.R. 1650) has been introduced by Representative LUNGREN, a member of the House Judiciary Committee.

Mr. President, I request that the editorial I referred to earlier be printed in the RECORD. I also request that a fact sheet on S. 47 be printed as well.

The material follows:

[From the Las Cruces (N. Mex.) Sun-News, Feb. 5, 1981]

HANDLING THE FLOW OF THE ILLEGAL ALIEN

(Reprinted by permission of the Milwaukee Journal)

If the United States ever hopes to control the excessive flow of immigrants, it must be able to easily identify who is and who is not in this country legally. To its credit, a federal commission studying immigration policy came to grips with that reality in recommending that some kind of national identification system be established.

The Select Commission on Immigration, at work for the last 18 months, now proposes the creation of some kind of identification procedure by which an employer could be assured, before hiring, whether a prospective worker was a U.S. citizen or legal alien. Currently, millions of aliens annually enter and stay in the United States illegally, lured by the prospect of wages far beyond what they could earn in their native countries. The biggest source of such illegal alien labor is Mexico.

The commission's recommendation was not easy to reach. There are justifiable concerns about civil liberties under any such ID system. No one should want a totalitarian-type internal passport system similar to that in the Soviet Union. An improperly designed ID system also could promote overt discrimination against "foreign-looking" minorities. Such people, citizens or not, might be the only ones continually asked to verify their status.

However, the enormity of the illegal immigration problem outweighs the ID program's risks, in our opinion. And a well-thought-out ID system could keep those risks to a minimum. For instance, one method being considered would involve a tamper-proof Social Security card that an employer could check to determine a worker's status. The key to any system would be assurance of verification.

A worker-ID system alone would not halt the flow of illegal immigrants seeking jobs. The lure of pay would still be here. Some employers probably would continue callously to exploit such workers by paying substandard wages (but higher than the aliens could ever earn at home). Other steps would need to be taken, too, to curb the problem.

First, the nation needs to greatly expand its present guestworker programs so that aliens could legally enter the United States for jobs that Americans don't care to do. Second, stiff penalties should be imposed on employers who continue to hire illegal aliens. No longer should employers be able to claim that they innocently did not know a worker's status.

Even that approach would not completely halt illegal immigration, but it would provide better tools to control the flow across U.S. borders. Current immigration laws can't cope with the problem.

THE UNITED STATES-MEXICO GOOD NEIGHBOR ACT OF 1979

This bill would amend the Immigration and Nationality Act to establish a temporary worker visa program between the United States and Mexico. Under the program, workers would be issued six month visas which

would allow them to enter the United States to seek employment.

THE CURRENT IMMIGRATION SITUATION

The United States shares a 2,000-mile border with Mexico. In no other part of the world does a developing country with severe economic problems border such a technologically and economically advanced country. The combination of unfilled jobs in this country and substantial unemployment and underemployment in Mexico has created a massive migration to the United States. Changes in the immigration law have caused much of this migration to become illegal. From 1942 to 1964, the bracero program admitted large numbers of Mexican workers to perform agricultural work in the United States. The end of this program and the imposition of a ceiling of 20,000 immigrant visas per year in 1976 have contributed to the problem.

Most illegal workers enter this country to seek temporary employment. They come for short periods of time, work to meet specific economic needs and then return to Mexico. They have no intention of permanently migrating to the United States.

The workers normally take jobs which are unattractive to American workers who have unemployment compensation and welfare as an alternative. While over two-thirds of illegal aliens contribute to Social Security and pay income taxes, fewer than one-tenth collect unemployment or welfare benefits, enroll their children in public schools or receive free medical assistance in the United States.

This illegal migration benefits Mexico by absorbing workers who would otherwise be unemployed or underemployed. It also helps slow migration to the overcrowded cities. Finally, Mexican workers in the United States send large portions of their income home, providing income for their families and improving Mexico's balance of payments.

PROVISIONS OF THE BILL

Findings—This section recognizes the necessity of establishing a legal framework for Mexican labor in the United States and points out the advantages of this program over other proposals.

Establishment of Visa Program—Section (e)(1): This section directs the Attorney General to establish the program in consultation with the Secretary of State. The section specifically mandates that the visas shall "permit each alien to temporarily perform services or labor within the United States for a period not to exceed 240 days during any calendar year". Further, the section disallows the requirement of a petition from a prospective employer. Finally, the section prohibits any limitation on geographical area or type of employment.

Section (e)(2): This section sets a penalty for violation of the visa restrictions of ineligibility for five years. It also sets a ten year ineligibility as a penalty for illegal entry into the United States.

Section (f): This section allows the Attorney General to put specific restrictions on employment under this program at the request of the Secretary of Labor. This request would follow a demonstration by employers or employees that aliens would displace domestic workers at a specific site.

Section (g): This section directs the Attorney General to set numerical quotas for visas, considering such factors as the number of workers sought, the availability of domestic labor and the projected needs of prospective employers.

United States Consulates in Mexico—This section authorizes the Secretary of State to expand the Consulates to implement the program (paragraph A) and act with Mexican officials to insure awareness of the program (paragraph B). It also directs the Secretary of Labor to take steps to inform Mexican aliens in the United States about the program (paragraph C).

Nonimmigrant Category—This section amends the classes of nonimmigrants in the definitions section of the Immigration and Nationality Act, 8 U.S.C. 1101(15).

Effect of Deportation—This section amends 8 U.S.C. 1182 to prohibit the Attorney General from consenting to the readmission of an alien deported for violating provisions of this program.

Prohibition on Adjustment of Status under Temporary Worker Visa Program—This section amends 8 U.S.C. 1255 to prohibit the Attorney General from adjusting the status of a temporary worker to that of a permanent resident.

Report to Congress—This section requires the Attorney General to report to Congress semi-annually about the program.

Bilateral Advisory Commission—This section proposes the establishment of an Advisory Commission to advise the Attorney General in establishing the program.

Authorization—This section authorizes the necessary appropriations.

Terminates—10 years after enactment.

THE EFFECT OF THE PROGRAM

This program will bring a large proportion of Mexican labor within the law, increasing the credibility of the immigration law. As legal workers, Mexicans can insist on adequate wages and decent working conditions. By eliminating the need for smugglers and dangerous border crossings, the program will attract those workers who are currently entering the country illegally.

The program will allow U.S. employers to obtain needed workers in a free market system. At the same time, it will benefit domestic workers by changing an exploitable competitor into a legal work force, competing on equal terms. The restriction of certain worksites will insure that domestic workers are not displaced by the temporary workers, while avoiding the abuses of a prearranged contract system.

This bill recognizes that a significant number of Mexicans supplement their income by temporary work in the United States and that this country has need for such short term labor. The temporary worker visa program provides a legal framework for this situation.●

NATIONAL RECOGNITION DAY FOR VETERANS OF THE VIETNAM ERA

● Mr. SARBANES. Mr. President, I want to express my strong support for Senate Joint Resolution 40, designating April 26, 1981, as "National Recognition Day for Veterans of the Vietnam Era."

That such a resolution should be necessary reflects one of the unhappier aspects of our recent history. As the preamble to the resolution declares, "the valorous service of Vietnam veterans has never been properly commemorated or recognized." It is long past time to correct this situation, and to pay tribute to the hundreds of thousands of American men and women who honored their Government's call to military service.

Expressions of respect and support for our Vietnam veterans, however, are not enough in themselves. The difficult challenges which veterans faced of readaptation to civilian life, after a combat experience that had no parallel or precedent in our history, long went unrecognized. Only after all combat had ended, and most veterans had returned to civilian life, were programs developed to help meet the problems of readjustment that confronted veterans returning from Vietnam.

The readjustment counseling program for Vietnam-era veterans, created by the Health Care Amendments Act of 1979 (Public Law 96-22), has been one of the most effective of these programs. Staffed principally by Vietnam veterans, outreach services were provided through 91 centers to 50,000 veterans and 12,000 members of their families between April 1980 and January of this year. The veteran's vocational rehabilitation program and of course veterans' medical and surgical services have also been particularly important.

In light of the proven effectiveness of these programs, it is incomprehensible that the administration proposed to terminate or curtail them. Whereas for the current fiscal year Congress appropriated $11.2 million for the existing counseling program and an additional $6 million for its expansion into 44 new areas, the administration asked that the program simply be eliminated next year. Other budget proposals would make impossible full staffing of veterans' vocational rehabilitation, and would require reduction of 20,000 in the staff of the Veterans' Administration's Department of Medicine and Surgery by 1986. These policies are being advocated despite overwhelming congressional support for legislation enacted in the last Congress to improve medical care in the VA system and, most important of all, despite the demonstrated success of the programs themselves. I am pleased that the Congress has moved to check and reverse these ill-advised administration proposals.

Senate Joint Resolution 40 calls for designation of April 26, 1981, as a National Day of Recognition for Veterans of the Vietnam Era, and for appropriate programs and ceremonies of commemoration. Such recognition is long overdue. To have more than symbolic importance, however, it must be accompanied by a renewal of our commitment to the veterans of Vietnam, to the new programs established to meet the unique problems associated with service to Vietnam, and the longstanding programs through which we have traditionally recognized the Nation's responsibility to those who have served in the Armed Forces.●

AN INNOVATIVE LEADER IN AN INNOVATIVE COMPANY

● Mr. DOLE. Mr. President, today marks the end of an era at the General Electric Co. After 41 years with GE, Reginald H. Jones retires as chairman of the board, a post he has occupied since 1972.

Reginald Jones is more than just a good business executive. He is an opinion leader among opinion leaders. During his career with GE he was often seen taking early positions on issues concerning public policy; issues which many of his colleagues came to later. He is a man not unwilling to take an unpopular position among his colleagues when he felt it to be in the best interests of the corporate, public, and private good. He was

a man many times in the forefront as a proponent of embryonic notions which later came to fruition throughout the entire business community as accepted practice, procedure, and policy.

Since his graduation in 1939 from the University of Pennsylvania, he has remained dedicated to academia as well and his current status as a member of the board of trustees of the Wharton School must not be overlooked when reviewing his career accomplishments to date.

Mr. President, there is a great deal which can be learned from the career of Reginald Jones, and it is to his credit that his advice and counsel has been sought by both Government and corporate officials.

Today as we continue debate on the budget resolution, there is perhaps an important theme expressed many times by Mr. Jones which might be prudent to remember. What I am referring to is his belief in the need for long-term investment based growth and planning as opposed to a short-term, quarterly profit orientation. In a recent interview, Mr. Jones stated his feeling that there appeared to be a "management malaise" within the corporate boardrooms. He partially attributes this "malaise" to executives more attentive to short-term benefits than to the long range needs of their organizations.

Mr. President, this message while carrying with it more of a business orientation makes a great deal of sense when applied to the budget battle going on here today. The analogy simply stated is that we must look down the road and see what our actions on the budget today will produce in the years to come. We have two options: First, we can work with the administration to bring inflation rates down, get the budget under control and restore solvency and stability to our economy in the future, or second, we can concentrate on the short-term gains to be made by increasing various functions within the budget without regard to their long-range effects. I, along with Reginald Jones, believe that the choice is quite clear.

In closing the legacy of corporate-social responsibility, long-range economic planning and the commonsense approach to business and government which Chairman Jones leaves behind will long be remembered and practiced at GE, in the business community and hopefully in government.

I wish all the best life has to offer him and his family as they enter a new phase of life, and I salute his decision to remain an active and responsible voice and participator in both the public and private sectors.●

THE LIBERAL WHO DEFIED THE RIGHTWARD TIDE

● Mr. BURDICK. Mr. President, the Outlook section of Sunday's Washington Post contained an excellent profile of the newest member of North Dakota's congressional delegation, BYRON L. DORGAN. BYRON brings a special blend of energy and intelligence to the Congress, and we in North Dakota are proud to have him representing our State in the House of Representatives. I ask that this article be printed in the CONGRESSIONAL RECORD.

The article is as follows:

[From the Washington Post, Mar. 29, 1981]

THE LIBERAL WHO DEFIED THE RIGHTWARD TIDE

(By Al McConagha)

Almost unnoticed in the conservative tidal wave washing over Washington is the arrival of a newly elected prairie populist straight from the traditions of William Langer and Hubert Humphrey.

Somehow out of that heavy Republican sea, this old opponent of the Vietnam War and friend of Kennedy politics splashed into the House looking remarkably like a liberal although he calls himself a progressive.

North Dakota's Byron Dorgan was the only Democrat in the nation to win an open House seat previously inhabited by a Republican, and he did it in what was widely viewed as a classic showdown between a liberal Democrat and a "New Right" Republican.

This 38-year-old scourge of corporate America defeated State Sen. Jim Smyowski with 57 percent of the vote in a state that favored Ronald Reagan by more than 2 to 1 and threw all other Democrats up for reelection out of office.

Even more unusually, Dorgan made this leap to Capitol Hill from his post as state tax commissioner, demonstrating that he may be the first popular tax collector since his predecessors were driven from the temple.

Of course he wasn't uniformly loved as the state's tax man. Indeed, he used to get a lot of mail addressed to Byron L. Dorgan, SOB.

"Being an optimist and a Norwegian," he said recently, "I preferred to interpret that address to mean, Byron L. Dorgan, State Office Building."

He goes to the stump with whimsy. "It's true I'm smart," he used to tell skeptical voters. "I'm so smart I graduated in the top five of my high school class . . . Nine of us graduated that year in Regent, North Dakota."

"We wrote to a woman to find out why she filed a tax return one year and didn't the next," the former taxman told one crowd. "Her husband wrote back, 'Dorgan, I received your letter. It is with regret I inform you that my loving wife passed away last year and I am taking care of her affairs.

" 'I want you to know that in the matter of the income tax my wife has gone to heaven. And I hope you go to hell.' "

Instead Dorgan last year headed the North Dakota campaign of Sen. Edward Kennedy because he felt, among other things, that Jimmy Carter "did not deserve reelection." Once Carter was renominated, however, Dorgan supported him against Reagan.

It was his effort to nominate Robert Kennedy in 1968 that led to his first political office. Dorgan had returned to his native North Dakota from Colorado to manage Kennedy's campaign when he caught the attention of Gov. William Guy, who appointed him to fill a vacancy as state tax commissioner.

In 1972 Dorgan acquired some national attention as the only state tax official to write Richard Nixon that the Christmas bombing of North Vietnam made him feel ashamed to be a tax collector.

That year Dorgan ran for the post of tax commissioner—it is the only elective state tax collection job in the country. He prevailed with 70 percent of the vote and settled down to his crusade against tax-evading corporate America.

He has discovered that many large corporations earning income in North Dakota never filed returns. Moreover, others were paying less than they should by making it appear they made most of their money in low-tax states.

"It was easy to send an auditor to the drug store or the gas station or the mom and pop store in Fargo or Grand Forks," Dorgan said. "But North Dakota never bothered to send them to the big corporate headquarters of firms that were competing against them."

"I don't mean to assert that all corporations are crooks," he said. "But there are some that are very derelict. Some flagrantly violate all principles of accounting and walk the thin line between fraud and unethical practices."

So he started sending out auditors: "We'd send a guy to New Jersey for three weeks and he comes back with a check for $625,000. It was phenomenal, incredible. We would start checking on these people and they would just pay up."

Not all were that easy. One of his bigger coups was Western Electric. This AT&T subsidiary was the prime contractor on the ABM development near Grand Forks and was pretending to be some nontaxpaying extension of the Department of Defense.

"We couldn't get their attention," Dorgan said. "So we sent them a bill for $54 million, which under North Dakota law is fixed unless protested within 30 days. Well, that got their attention. Within weeks they were there with eight lawyers and a general.

"The first thing they tried to do was say, 'Hey, you're crazy. Nobody has ever tried to tax a missile system.' Then we went to court. Three years later North Dakota got [in a settlement] over $4 million."

This was part of the some $23 million he collected in unpaid corporate taxes and helped develop his potent political theme: "Little people slave and pay taxes while big corporations duck everything possible."

He also went after individual tax evaders. At one press conference he declared he would prosecute 250 unnamed "hard core" evaders with incomes over $10,000 a year. Within two weeks 280 people who had never filed somehow got around to it.

"It's funny. People started calling me at home at night apologizing. They would say they had just forgot to send in their returns but they would be getting them right in in the morning."

Meantime, he ran for the House in 1974 against former Rep. Mark Andrews, who was elected to the Senate last year. Andrews, who usually won with about 70 percent, was held to 55. "I singed his tail a little bit," Dorgan said. In 1976 he was reelected tax commissioner, with almost 80 percent of the vote.

Last year, when that House seat opened up, he was ready again. He promised to vote for a strong America but talked also of the need for meaningful arms limitations talks and was anxious about the proliferation of nuclear weapons.

While he spoke of cutting waste from the federal government, he also called for increasing medical benefits for the elderly and the poor.

"I consider myself a progressive politician. I want to speak up for the little person who otherwise doesn't seem to have a voice in government. But I don't like liberal/conservative labels.

"I regard myself as liberal on some issues and conservative on others. The progressive label fits pretty well.

"People think it was a conservative year. But I think you can go out and be a voice for the folks who don't own big blocs of Exxon. You can be a voice for the people buying gas at the pumps who are angry that it is helping Mobil buy a department store.

"I think you can be a voice for these people."●

COSPONSORSHIP OF S. 63—AMENDMENT OF THE CLEAN AIR ACT

● Mr. DURENBERGER. Mr. President, I am pleased to announce my support

and cosponsorship of S. 63, a bill to amend the Clean Air Act to provide compliance date extensions for steelmaking facilities on a case-by-case basis to facilitate modernization of the steel industry.

This bill is in response to the unique capital formation and environmental problems of the steel industry and recognizes the progress in environmental control by the industry. That progress is demonstrated by the fact that while only 32 percent of air pollution sources were in compliance or on court-ordered compliance schedules in July of 1978, by the end of this year that number will be up to 85 percent.

The 3-year extension would allow until the end of 1985 for these requirements to be met. Air emissions for the entire industry will have been reduced by 97 percent from uncontrolled levels by that time.

The bill is the result of a compromise agreement reached by representatives from the Environmental Protection Agency, the steel industry, the United Steel Workers, and the environmental community. It must be passed as introduced, without amendment, because of the requirement to maintain the balance achieved in the bill through the efforts of the several interests represented.

The bill responds to the fact that the U.S. steel industry is badly in need of modernization in order to be competitive with steel producers in Japan, Germany, and other industrialized nations.

Japan, for example, has 50 percent of its capacity using the continuous casting process—which provides for more efficient energy use and greater yields from raw material—as compared with 17 percent of U.S. capacity. The Japanese average about 20 percent greater efficiency, and have been spending 50 percent more per ton on capital investment than the U.S. steel industry.

The industry must modernize to remain competitive, but is in poor financial condition. The bill would allow the industry to negotiate the consent decrees on each steel producing facility and any money deferred from installation of emission control devices would be dedicated to modernization of the steel producing facility.

A stable, competitive, efficient steel producing industry is of utmost importance to the entire country, but to some of the citizen's of Minnesota it has special meaning.

The Minnesota iron-mining industry suffered one of its worst years in 1980. Employment dropped 20 percent and production 25 percent from the year before. That meant a layoff in October of 1,600 workers at Erie Mining in Hoyt Lakes, 1,100 from National Steel Pellet Co., in Keewatin in September, 550 workers out for 5 months at Butler Taconite Co., in Nashauk, 180 workers out at Reserve Mining Co. Silver Bay, and a reduced work week for 4,200 hourly employees at United States Steel Corp. at Minntac. Almost the entire production of taconite is used in U.S. steel mills and demand is very much a derivative of domestic production. Modernizing the U.S. steel industry is of paramount importance to Minnesota.

The industries' efforts to negotiate and find a balance with the other values and concerns of importance in this country are to be commended.

The bill is designed to avoid seriously degrading air quality while freeing urgently needed capital for use in the modernization of steel facilities. To provide this flexibility, the industry has agreed to be in compliance by the end of the 3-year period with the present standards in the Clean Air Act and to seek no further steel specific amendments to alter clean air requirements and deadlines.

Finally, I would urge the Senate to take prompt and favorable action when the bill is reported out of the Environment and Public Works Committee.

The steel industry needs to know that the bill as introduced is supported so that the decision concerning hundreds of millions of dollars needed immediately for capital investment in either pollution control equipment or modernization can be made in a timely manner. The present 1982 deadline is not far off. The industry deserves to know our decision. The people working in the iron mines of Minnesota need to know as well. Their hope for the future is intimately tied with our decision regarding the future of this basic industry.●

AUTHORITY FOR COMMITTEE TO FILE A REPORT

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Armed Services have until midnight tonight to file a report.

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

ORDER FOR RECOGNITION OF SENATOR JEPSEN AND SENATOR BUMPERS TOMORROW

Mr. COCHRAN. Mr. President, I ask unanimous consent that, following the recognition of the two leaders under the standing order on tomorrow, the Senator from Iowa (Mr. JEPSEN) be recognized for not to exceed 15 minutes and the Senator from Arkansas (Mr. BUMPERS) be recognized for not to exceed 15 minutes.

Mr. CRANSTON. Mr. President, those requests have been cleared and there is no objection on our side.

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

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. COCHRAN. Mr. President, I move, in accordance with the previous order, that the Senate stand in recess.

The motion was agreed to and, at 11:29 p.m., the Senate recessed until tomorrow, Thursday, April 2, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate April 1, 1981:

DEPARTMENT OF COMMERCE

William H. Morris, Jr., of Tennessee, to be an Assistant Secretary of Commerce, vice Herta Lande Seidman, resigned.

DEPARTMENT OF DEFENSE

Lawrence J. Korb, of Virginia, to be an Assistant Secretary of Defense, vice Robert Burns Pirie, Jr., resigned.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Dorcas R. Hardy, of California, to be an Assistant Secretary of Health and Human Services, vice Cesar A. Perales, resigned.

DEPARTMENT OF STATE

Lawrence S. Eagleburger, of Florida, a Foreign Service officer of the class of Career Minister, to be an Assistant Secretary of State, vice George S. Vest, resigned.

DEPARTMENT OF THE INTERIOR

Garrey Edward Carruthers, of New Mexico, to be an Assistant Secretary of the Interior, vice Guy Richard Martin, reseigned.

FEDERAL HOME LOAN BANK BOARD

Richard T. Pratt, of Utah, to be a member of the Federal Home Loan Bank Board for the remainder of the term expiring June 30, 1981, vice Jay Janis, resigned.

Richard T. Pratt, of Utah, to be a member of the Federal Home Loan Bank Board for the term expiring June 30, 1985. (Reappointment)

SECURITIES AND EXCHANGE COMMISSION

John S. R. Shad, of New York, to be a member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1982, vice Harold Marvin Williams, resigned.

John S. R. Shad, of New York, to be a member of the Securities and Exchange Commission for the term of five years expiring June 5, 1986, vice Stephen J. Friedman, term expiring.