SENATE—*Wednesday, May 20, 1981*

(Legislative day of Monday, April 27, 1981)

The Senate met at 8:50 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:

Let us pray.

Almighty God, creator of all that is, Lord of heaven and Earth, whom the heaven of heavens cannot contain: limitless, timeless, changeless; Father of all living, we worship and adore Thee. Receive our praise for Thy gracious providence in our affairs, our gratitude for Thy merciful love and favor.

Forgive us when we forget Thee, when we are so preoccupied with the transitory that we neglect the eternal; when we impute absolute value to that which is of relative importance; when we presume upon Thy generous provision and behave as though we need Thee not; when, by our attitude, we declare our independence from Thee.

Grant that our lives this day will be infused with Thy life, Thy love, Thy wisdom, and Thy power; through Jesus Christ our Lord. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

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

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

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, are there special orders for the recognition of Senators today?

The PRESIDENT pro tempore. There are four special orders.

Mr. BAKER. In what order, I inquire of the Chair?

The PRESIDENT pro tempore. The Senator from Alabama (Mr. HEFLIN) for 15 minutes; the Senator from Oklahoma (Mr. BOREN) for 15 minutes; the Senator from Florida (Mr. CHILES) for 15 minutes; the Senator from Arizona (Mr. DECONCINI) for 15 minutes.

Mr. BAKER. Mr. President, I ask unanimous consent that the time allotted to the two leaders under the standing order may occur this morning after the discharge of special orders.

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

ORDER FOR CHANGE IN TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, is there an order this morning for the transaction of routine morning business?

The PRESIDENT pro tempore. There is, following the special orders.

Mr. BAKER. Mr. President, I wish to change that, if I may.

I ask unanimous consent that that order be changed so that the time for the transaction of routine morning business will occur after the completion of the rearranged time and sequence for the recognition of the two leaders.

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

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

RECOGNITION OF SENATOR HEFLIN

The PRESIDENT pro tempore. The Senator from Alabama is recognized.

SENATE RESOLUTION 141—COMBATING CRIME SHOULD BE A NATIONAL PRIORITY

(Referred to the Committee on the Judiciary.)

Mr. HEFLIN. Mr. President, I rise to submit a resolution to express the sense of the Senate that combating crime must be made a national priority. Senators BENTSEN, BOREN, CHILES, DECONCINI, EXON, HOLLINGS, JOHNSTON, LONG, NUNN, PRYOR, ZORINSKY, HUDDLESTON, KENNEDY, THURMOND, and JEPSEN join me in this resolution as cosponsors.

I ask that the resolution, which has as its purpose to express the sense of the Senate that combating violent crime should be a national priority, be printed at this point in the RECORD.

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

S. RES. 141

Whereas next to inflation, crime is the most important domestic problem facing the American people today;

Whereas crime, and particularly violent crime, has reached epidemic proportions in the United States and is spreading like a cancer across our nation;

Whereas violent crime is no longer isolated to the nation's big cities, but is running rampant in areas once thought of as safe, particularly suburbs and rural areas;

Whereas the general welfare of American citizens is threatened and undermined by the frequent occurrence of violent crime;

Whereas violent crime has become a national problem deserving of immediate attention; and

Whereas all appropriate actions necessary in combating violent crime should be undertaken: *Now, therefore, be it*

Resolved, That it is the sense of the Senate that taking all appropriate action necessary to combat violent crime should be a national priority as well as a priority of the Senate and should receive immediate attention.

Mr. HEFLIN. Mr. President, I am urging my colleagues in the Senate to join in a national effort to stem the rising tide of violent crime which has reached epidemic proportions in the United States. Only by putting crime in the forefront of our national priorities will we begin to send a clear message to the criminal element in our society that crime will no longer be tolerated.

Statistics compiled and published by the FBI reveal that violent crime is running rampant in every section and locale in the country. Their statistics indicate that, over the past 30 years, the number of murders in the United States has increased by 370 percent and the number of robberies by 300 percent. Also, in 1980, crime was up nationwide by 10 percent over 1979.

One significant result of this alarming increase in crime is the paralyzing effect it is having on the American people. In the last few years, crime has become more vicious and irrational and, therefore, more frightening.

The American people are virtually being held prisoner in their own homes by criminals who operate in the streets with impunity and with little or no fear of arrest or punishment. The criminals are waging war within our borders—and they are winning it.

On Wednesday, May 6, a group of my colleagues and I met with President Reagan to urge him to give his enthusiastic support to the package of anticrime legislation that has been introduced in the Senate. This legislation will put some teeth in our criminal law.

It was encouraging to receive the President's assurance that the battle against violent crime will receive a top priority in his administration. I am hopeful that the President's pledge of support will begin a productive and cooperative relationship between Congress and the executive branch in a national effort to combat violent crime.

We delivered to the President on that occasion, Mr. President, a letter which was signed by myself, Senators NUNN, DECONCINI, CHILES, HOLLINGS, LONG, JOHNSTON, BENTSEN, BOREN, PRYOR, HARRY F. BYRD, JR., EXON, STENNIS, and ZORINSKY.

The letter reads as follows:

DEAR MR. PRESIDENT: We have asked for this meeting with you today to discuss, among other things, crime—next to inflation, the most important domestic problem facing the American people today.

Crime, and particularly violent crime, has reached epidemic proportions in the United States and is spreading like a cancer across our nation.

No longer is violent crime isolated to the nation's big cities, but crime is running rampant in areas once thought of as safe, particularly our suburbs and rural areas.

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The Justice Department has reported that nearly one out of three households was victimized by serious crime last year. Organized crime flourishes. The illegal narcotics trade now does as much business as the nation's largest corporations. In fact, a recent National Institute for Drug Abuse study found that 237 drug addicts were responsible for more than 500,000 crimes over an 11-year period.

The American people are virtually being held hostage in their own homes by criminals who operate in the streets with impunity, with seemingly little fear of arrest or punishment. Unless crime is brought under control, middle and upper income Americans will become increasingly isolated from our society behind their window bars, burglar alarms, and private security agents. Meanwhile, many poor, near-poor, and older Americans will continue to be strapped in high-crime areas that have no hope for an economic or tax base until they are rid of crime.

The criminal element in our society is literally waging a war on the American people—and is winning.

Although the federal government's role in law enforcement is limited by the Constitution, we can set an example for our state and local authorities. Your appointment of a task force on violent crime under the leadership of Governor James Thompson and former Attorney General Griffin Bell, is a significant step in this direction. As Chief Justice Burger outlined, in recent remarks, however, there is much more that must be done to show the country that we mean business about fighting crime. We need and seek your full support in this effort.

We are enthusiastically supporting a comprehensive package of anti-crime legislation which would implement many of the Chief Justice's recommendations and other long overdue changes.

Among other things, these bills would—

Restore the Internal Revenue Service to its once effective role in cooperative law enforcement efforts with such agencies as the FBI and DEA.

Provide mandatory life sentences for career criminals who are convicted of violent felonies for a third time.

Provide stiffer penalties for federal crimes committed through the use of violence.

Allow federal judges to deny bail to defendants determined to be dangerous to the community.

Reduce the unnecessary delays between arrest and trial and shorten the appeals process.

Establish an additional 5-year sentence for the use of a handgun in the commission of a federal felony.

Modify the habeas corpus procedures so that our courts will not be clogged with numerous and frivolous motions from prisoners.

Strengthen federal programs and policies for combatting international and domestic terrorism.

Permit the armed services to render limited but important assistance to our civilian drug enforcement agencies.

Repeal the prohibition against the use of U.S. foreign aid funds to spray marijuana fields with herbicides, such as paraquat, in overseas countries.

Increase protection for federal witnesses, informants, and law enforcement personnel and their families.

Amend the Freedom of Information Act to provide protection of government information which would tend to identify confidential informants as well as that which would positively identify them.

Define and place certain limits on the exclusionary rule in federal criminal proceedings.

Permit the government to apply for a reduction in the sentences of defendants who decide to cooperate with the government after they have been convicted.

Authorize federal technical assistance to state and local governments in time of unusual need.

Strengthen federal law enforcement training activities.

Provide for the suspension of labor union officials immediately upon their conviction of certain criminal offenses related to their union positions.

Increase the penalties for bribes, payoffs, and kickbacks.

We are enclosing for your information a more detailed description of these bills.

We believe it is imperative that we move quickly to enact these and other anti-crime measures now pending in the Congress. We must also insure that we maintain adequate federal funding for this war on crime. These measures contain some tough provisions, but we think it is time for the federal government to get tough with criminals. We sincerely hope that you and your administration will work with us in this important endeavor.

Mr. President, I have introduced a bill, entitled "National War on Violent Crime Act," which would create a "Violent Crime Administration" within the Department of Justice, to provide assistance to State and local governments in carrying out specific programs which were proven effective under the LEAA.

If we look at the LEAA program we must admit that it made a lot of mistakes. There were many abuses. But we can study its history and see how we can profit from the LEAA experiment. It has had many successes as well as many failures, and in trying to rewrite crime legislation, we should take its successes and use them in a positive way in drawing a new act. But its failures, of course, we should attempt to eliminate.

Under my new plan, 75 percent of the money appropriated would be available for State planning agencies in a few priority areas like the programs of training and education of law enforcement officials, combating violent crime, juvenile justice, statistical gathering and analyzation, and planning and coordination. Funds for these priority programs will be available to the States on a 10-percent match basis. Other programs at the State and local level can be authorized based upon a record of proven effectiveness at 50-percent match. The remaining 25 percent would be national discretionary money to be used for analysis, coordination, development and planning, and technical assistance.

Second, my bill would create a national police academy. Such an academy would be conducted in cooperation with State and local governments and would provide high level training to officers in many important areas. I believe this type of academy would help give the law officer the needed recognition they deserve as professionals within the criminal justice system. While such an academy would start off providing specialized programs for career law enforcement officers on a national and regional level, it could advance to a State where part of its program could be a West Point for the police, to train future FBI agents, Secret Service agents and management level police officers.

This would not be in competition with the FBI Academy, which has had remarkable success in training police officers; but at the present time, the FBI can take only a limited number.

Third, my bill would establish a career criminal provision which mandates that after a criminal has been convicted of a felony for a third time, he must be given a mandatory life sentence without parole. Of course, this does not mean that we should decrease our efforts to rehabilitate repeat offenders. However, I believe mandatory life sentences, without parole, are necessary to insure that the proven career criminal, who chooses a life of violent crime, is taken off the streets.

Fourth, I propose that we make funds available for technical assistance to local and State law enforcement in a time of crisis. A current example of this kind of crisis would be Atlanta, where 21 black children have been murdered. Under this provision, assistance in the form of equipment and technical expertise would be readily available to State and local law enforcers in their attempts to solve crimes beyond the normal capability of a local department. Technical assistance to local law enforcement which provides expertise is needed in many areas, such as preparation for the visit of a President, bomb dismantling, drug problem, and neighborhood youth gangs.

Fifth, my bill would impose an additional 5-year sentence for the use of a handgun in commission of a felony. The sentence would increase by 5 years each time the criminal is convicted of a felony in which such a weapon was used.

Sixth, my bill would strengthen our drug abuse laws in a number of ways including a pharmacy theft provision, which would make the robbery of controlled substances from drug stores a Federal crime. Specifically, this provision would establish Federal jurisdiction when the value of drugs stolen from a pharmacy exceeds $100. For many years now, our Federal agents from the Drug Enforcement Administration and the Federal Bureau of Investigation, have waged an increasingly effective campaign to halt the flow of illegal drugs in our Nation's cities and suburbs. However, because our Federal agents have made such progress in disrupting the illegal trade on our streets, the drug pushers have now been attacking, in increasing numbers, local retail stores to fill their supplies. I believe this law would more clearly warn the drug pushers that we fully intend to pursue and prosecute them for their criminal activities. Fighting drug related crime is a priority in the funds provided to the States.

Seventh, my bill would amend our bail laws to give a judge greater discretion to retain a defendant before trial. Thus, if the judge determines that the defendant would pose a danger to other persons or the community if released, he could then hold the defendant without bail. Of course, this provision is the suggestion of Chief Justice Burger.

Eighth, the bill contains provisions to

reduce the waiting period from arrest to trial and to sharply reduce the appeal period. I will endeavor in another measure to bring rapid finality to post-conviction efforts to overturn conviction after an appeal has been dismissed or the sentence has been affirmed.

Ninth, the bill contains an antiarson provision, which will require the FBI to permanently classify arson as a part 1 offense for purposes of the Uniform Crime Reporting Index, and thus more clearly reflect criminal activity. I have for years been deeply concerned about the need for public awareness of the number and devastating effects of crime related to arson. I believe that we must have the capability to collect precise and extensive data concerning fires in order to have a more accurate portrayal of arson problems and to plan the kind of action which is needed to reduce and eliminate these crimes. I believe this law will be a major step toward the accomplishment of this goal.

Tenth, this bill proposes that public television and radio be utilized to inform the public of the names and identifications of wanted criminals and fugitives on a nationwide basis and on a statewide basis. I believe this will result in greater public awareness of the crime problem and will also result in public assistance to law enforcement officers in their criminal investigations and apprehensions. Too often after a person is arrested or tried, there is little notoriety as to a convicted felon actually going to prison and serving a long sentence. I believe that if a young person sees a classmate entering a State prison on the 6 o'clock news, it will act as a great deterrent. This legislation will provide the resources necessary to disseminate this information and bring about greater public awareness of the price one must pay for a life of crime.

Mr. HEFLIN. Mr. President, I have a document entitled "Pending Crime Legislation" which sets forth legislation on this subject matter presently pending before the Senate. I ask unanimous consent that this document be printed at this point in the RECORD.

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

PENDING CRIME LEGISLATION

S. 441 (Nunn)—Military assistance to drug enforcement agencies:

The narcotics problem has grown to the point that it threatens to overwhelm our civilian drug enforcement agencies. The tremendous volume of illegal drugs entering the country has generated billions of dollars for the traffickers, who now can afford the latest in aircraft, ships, electronic equipment, and weapons. Our civilian agencies cannot match the resources available to the smugglers, but the military can. The posse comitatus statute of 1878, however, prohibits the armed forces from being involved in civilian law enforcement. S. 441 provides an exception from this law to permit the military to share certain intelligence, such as the movement of suspicious aircraft or "mother ships," with civilian agencies. The information must have been gathered during routine military operations, and any assistance rendered by the armed services must not interfere with U.S. military preparedness. The armed services would not be permitted to make arrests or drug seizures in the civilian sphere. Co-sponsors of this bill include Senators Bentsen, Boren, Cannon, Chiles, Denton, DeConcini, Dixon, Goldwater, Hollings, Johnston, Mattingly, Sasser, Schmitt, and Thurmond.

S. 653 (Thurmond-Chiles-Zorinsky)—Changes in habeas corpus procedures:

Under a habeas corpus proceeding, federal district courts have broad authority to redetermine the merits of state court convictions. As a result, there were 7,031 such petitions filed by state prisoners in federal courts last year. The volume contributes to clogging our federal court dockets with petitions, which relitigate the same facts and issues that were decided in state courts. Factual issues can and do end up being redetermined long after the crime was committed and a prisoner convicted. S. 653 requires Federal district judges—as opposed to magistrates—to conduct evidentiary hearings be in a habeas corpus proceeding. It lays down standards and conditions under which a habeas corpus petition may be brought. It also limits federal habeas corpus evidentiary hearings where the record in the state court provides a factual basis for the state court findings and where the record was made under circumstances which provided the petitioner a full and fair hearing on the factual issue. The purpose of the bill is to reduce the number of repetitious and frivolous habeas corpus proceedings.

S. 664 (Chiles)—Spraying marijuana fields with paraquat:

In 1978, following a scare about the health aspects of spraying marijuana fields with the herbicide paraquat, Congress banned the use of U.S. foreign aid funds for such spraying in "source countries" overseas. S. 664 would lift this ban. It also would require the State Department to notify the Department of Health and Human Services whenever paraquat or other herbicides are to be used overseas to spray marijuana or poppy fields. Experiences in Mexico prior to the 1978 ban indicated that the use of herbicides is one of the most effective ways of stopping the production of illegal narcotics at their source. Co-sponsors include Senators Nunn, Boren, DeConcini and Humphrey.

S. 732 (Nunn-Long-Chiles-Roth-Bentsen)—Restoration of Internal Revenue Service to cooperative law enforcement:

Prior to 1976, the Internal Revenue Service was an effective force in cooperative law enforcement efforts aimed at organized crime and narcotics trafficking. Its financial investigators were skilled at tracing the flow of money up organized criminal hierarchies to those at the top. The IRS withdrew from these efforts, however, partially as the result of the disclosure provisions of the Tax Reform Act of 1976 and partially because of the policies of several IRS Commissioners that the Service should stick to collecting taxes from ordinary taxpayers rather than focusing on professional criminals. S. 732 would retain strict privacy protections of tax information provided by individuals and businesses, but it would make it somewhat easier for IRS to share other information which is evidence of non-tax crimes. The information could be turned over only to the Department of Justice according to procedures set out in the legislation. Other co-sponsors include Senators Boren, Cohen, DeConcini, Domenici, Jackson, Rudman, and Schmitt.

S. 814 (Nunn-Chiles-Rudman-Boren)—Organized Crime Act of 1981:

Extensive hearings before the Senate Permanent Subcommittee on Investigations last year demonstrated the need for additional federal tools to deal with violent crime—and the use of violence by organized crime in particular. S. 814 contains 10 specific proposals, including stiffer penalties for federal crimes committed through the use of violence. Federal judges would be permitted to deny pretrial release on bail to defendants judged to be dangerous to the community. It would provide additional protection to federal witnesses, informants, law enforcement officials and their families. It also would increase protection under the Freedom of Information Act to government information which may tend to identify informants as well as that which would positively identify them. The government would be permitted to apply for a reduction in the sentence of a prisoner who decides to cooperate with the Government after he has been sentenced. Federal jurisdiction would be extended to certain cases of "murder-for-hire." Federal judges would be able to seal portions of wiretap documents which could jeopardize on-going investigations or wiretaps. The bill also would permit limited access to grand jury information by state and local law enforcement officials who are assisting in federal cases.

S. 873 (Bentsen)—Omnibus Antiterrorism Act of 1981;

There have been more than 3,000 terroristic acts committed since 1968, in which 2,700 people have been killed and 6,000 wounded or hurt. A problem of this magnitude calls for a unified national policy that will provide leadership for the rest of the world. S. 873 includes several proposals which would provide that leadership. First, it permits our courts to lock up persons charged with acts of terrorism prior to their trial. Second, it establishes penalties for clear threats or plans to carry out terroristic acts. Third, it sets penalties for aircraft sabotage. Fourth, it denies U.S. foreign aid, student visas, and pending or existing sales, credits or guarantees of defense materials to countries who are found to aid international terrorists. Fifth, it provides for assessments of the adequacy of security at foreign airports. Sixth, it provides for reports by the President to Congress on terroristic acts and an assessment of our ability to deal with these acts.

S. 953 & S. 954 (Heflin)—National War on Violent Crime Act:

In addition to the proposals set forth in S. 814, the Organized Crime Act of 1981, there are other measures needed to fight violent crime in America. Many of these are proposed in S. 953 and S. 954. A National Police Academy would be created, as would a Violent Crime Administration within the Justice Department to carry on the successful programs started by the Law Enforcement Assistance Administration. Funds would be made available to state and local governments or technical assistance in times of unusual need. Public TV and radio would be used to broadcast the names and identifications of wanted criminals. The Criminal Code would be amended to provide (1) mandatory life sentences for career criminals (i.e., "three-time losers") (2) a reduction in the time between arrest and trial; (3) a shorter appeal period; (4) an additional 5-year sentence for the use of a handgun in the commission of a federal felony; (5) federal jurisdiction over pharmacy thefts of drugs worth more than $100; (6) the denial of bail to federal defendants found to be dangerous; (7) and that arson be classified by the FBI as a part I offense under the uniform crime reporting index.

S. 1163 (Nunn-Rudman-Chiles-Nickles)—Labor Racketeering Act of 1981:

The federal labor management laws, especially the Taft-Hartley Act, have proven relatively ineffectual in controlling the influence of organized crime over certain labor unions—and of important segments of entire industries such as our waterfronts. Organized criminals manage to be elected to union offices and then use the power of their positions to extort bribes, payoffs, and kickbacks from management. Under the Taft-Hartley Act, however, such activities are punishable only as misdemeanors. S. 1163 would increase the penalties for serious labor

law violations to a felony. It also would expand the disbarment provisions so that union officials would be suspended from their positions upon their convictions of serious crimes, rather than waiting for their appeals to run, as is now the case (their salaries would be placed in escrow pending final disposition on appeal). It also would clarify the responsibilities of the Labor Department to investigate criminal violations relating to the federal labor laws.

S. 101 (De Concini)—To define and limit the exclusionary rule:

Often important evidence in criminal proceedings is excluded from admission because it is found to be in technical violation of the so-called "exclusionary rule." A growing number of convictions have been overturned when such evidence was admitted, but was later found to violate the Fourth Amendment. S. 101 would define the exclusionary rule and limit it to cases in which the violation was intentional or substantial.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the name of the distinguished Senator from South Carolina (Mr. THURMOND) be added as a cosponsor of the resolution.

The PRESIDING OFFICER (Mr. JEPSEN). Without objection, it is so ordered.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the time allocated under special orders for Senator BOREN, Senator CHILES, and Senator DECONCINI be under my control.

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

Mr. HEFLIN. Mr. President, does the Senator from South Carolina desire to speak at this time? If so, I yield to him.

Mr. THURMOND. Mr. President, I commend the able Senator from Alabama for the resolution he has submitted, and I am pleased to join him as a cosponsor. Also, I commend him for his remarks on the subject of crime.

I wish to say that I have introduced eight bills on crime in this session, and we have about eight more bills that we plan to introduce and we hope hearings can be held at an early date on these bills as action must be taken to protect the American people.

The Government's primary responsibility is to protect the citizens against external enemies and also internal enemies, the chief of which today is crime.

I ran across a few figures several days ago that the FBI had reported, and I was amazed to see that 1.3 million cases of violent crime occurred in this Nation in 1980, and that is a 13-percent increase over 1979.

I was also surprised to see that murder is up 7 percent, aggravated assault is up 8 percent, forceful rape is up 9 percent, robbery is up 20 percent, and according to those figures that I received in Washington, D.C., 1 in 12 people are victims of major crimes. This is hard to believe. It is startling. here in our Nation's Capital to have so much crime occurring.

Also I was surprised to learn that one-third of the households in America are now touched by crime.

One thing that disturbed me very much is the fact that so many young people are committing crimes. Between the ages of 10 and 17 large numbers of crimes are committed, 13 8 percent of the population fall between the ages of 10 and 17 but they are responsible for 20 percent of violent crimes committed in this country and if we include arson it runs as high as 49 percent.

Mr. President, with such figures as this, I think it is mandatory that this Congress take action as quick as possible. These bills are now under consideration in the Judiciary Committee, and I hope we can get action just as soon as it is possible to do so.

I shall exert every effort to see that these bills are reported out. I shall talk to the chairman of the Crime Subcommittee, the distinguished Senator from Maryland, and urge that action be taken on these bills under his jurisdiction, and also to other subcommittee chairmen who may have bills before them, and as for the full committee we will take action on these bills at an early date.

Again, I wish to commend the able Senator from Alabama for his remarks on this important subject.

Mr. President, I yield to the Senator from Georgia.

Mr. NUNN. Mr. President, first let me thank the Senator from Alabama for his leadership in this very important area. He has done a superb job. He has many bills that he has introduced himself. He was one of the leaders who went to the White House about a week ago to meet with the President to try to make the fight against crime in America at least the No. 2 priority behind our economic recovery program.

I really wish to express my appreciation to the Senator from Alabama for his superb leadership in this area.

Mr. President, I am delighted that the chairman of the Judiciary Committee, my colleague and friend from South Carolina, is in the Chamber this morning because he has been a leader for many years in this area, and I am also pleased to hear his firm statement of commitment about the planned actions of the Judiciary Committee making these bills and this legislation, that could at least help in the fight against crime in strengthening law enforcement, a real priority. I am delighted that he is going to make these a real priority.

I might say to the Senator from South Carolina that when we went to the White House a week ago, there was a group of Democrats who went down there not in a partisan sense but in a sense of telling the President that we wanted to make crime the No. 2 priority of this Nation, only behind our economic program, and we wanted to offer him a bipartisan-type support for this kind of emphasis.

I also might say to the Senator from South Carolina that a couple of the bills that we listed as the top priorities were the bills of the Senator from South Carolina which we have already as a group endorsed.

One of them with habeas corpus and, of course, the Senator from South Carolina is either the author or the cosponsor of many different bills that I think are enormously important.

I also am interested in the statistics that the Senator from South Carolina cited. I have other statistics which tell the horror that is going on in America today.

On the average a murder is committed in the United States every 24 minutes. On the average a house is burglarized every 10 seconds. Every 10 seconds in this country we have a burglary. And every 7 minutes a woman is raped somewhere in America.

Arrests for violent crime in our suburbs climbed 7.5 percent last year and 13 percent in our once peaceful rural areas.

I have been particularly active in the area of investigating organized crime. The Senator from Florida and I for the last 3½ years have looked at the serious problems of organized crime in narcotics and labor racketeering. We have spent literally hundreds of hours looking at these areas, and the Senator from Florida knows better than anyone in this body the effect crime can have on his own State. He has seen it in the State of Florida with the terrible narcotics problem of trafficking through there.

I might add also that problem occurs to a lesser degree but a significant degree in my State of Georgia.

The illegal narcotics traffic now does as much business as Exxon, the leading and largest corporation in America. A recent study found that 237 drug addicts were responsible for more than 500,000 crimes over an 11-year period.

This is an astounding growth of crime, and it has led to a change of lifestyles by many people in America, those who cannot escape from high crime districts.

City dwellers, suburbanites, and even farmers are triple-locking their doors, keeping ever larger watchdogs, putting bars across their windows, and carrying mace in their pockets and handbags.

Average citizens in many places feel unsafe, especially after dark. They no longer go for walks in the evening. They have become prisoners in their own homes. Fear and despair have replaced security and hope in high-crime areas.

The growing crime rate cries out for governmental and citizen action at all levels—Federal, State, and local—yet very little is being done to strengthen law enforcement and our criminal justice system.

I was very interested in reading about Chief Justice Burger in his comments recently and some of the responses to those comments.

Instead of concentrating on ways to allow our criminal justice system to protect the victims of crime, many influential and sincere Americans believe we must await vast social changes. which they contend will eliminate the roots of crime—prejudice, poor housing, inadequate education and medical service.

A leading proponent of this view is Judge David L. Bazelon of the U.S. Court of Appeals for the District of Columbia. In a recent speech, Judge Bazelon said that—

The real roots of crime are associated with a constellation of suffering so hideous that, as a society, we cannot bear to look it in the face . . . Nobody questions that street criminals typically come from the bottom of the socioeconomic ladder—from among the ignorant, the ill-educated, the unemployed and the unemployable.

Judge Bazelon is right in one respect: few of us would disagree that street

criminals come in many cases from poor backgrounds.

But where I differ with Judge Bazelon and other utopian dreamers is that they seem to ignore or lightly dismiss one important fact:

The poor and minorities in America also are the most often victims of crime.

The high crime areas have little hope of developing a tax or economic base until crime is brought under control. Until America faces its crime problem head-on, the poor, the near-poor, and our older citizens—who cannot escape these high crime areas—will live in fear and despair.

Wealthy and upper income Americans, on the other hand, will become increasingly isolated from our society behind their window bars, their burglar alarms, and their private security agents.

So these utopian dreamers say we should postpone any serious fight against crime—that is what they say in effect—until such time as we have cured all the ills in our society. These utopian dreamers, and in fact, unfortunately, our entire criminal justice system as it now operates, ignore another important fact: Criminals are gamblers.

They gamble that they will not get caught—and most do not. They gamble that they will get a low bail, post it, and then flee—and many do. They gamble that they will get an easy judge who will give them a light sentence—and that seems to be just what has happened.

There was a recent report of a judge known for his lenient sentences who was himself mugged and robbed. He immediately called a press conference in his courtroom and announced,

> Ladies and gentlemen, I want you to know that this mugging will in no way affect my judgment or my sentences in cases of this kind.

An elderly woman stood up in the back of the courtroom and loudly exclaimed, "Well then, let's mug him again!"

I do not advocate mugging lenient judges, but I can observe that some judges seem to have lost what we in Georgia call good old commonsense.

The basis of good old commonsense is an understanding of human nature. When it comes to criminal behavior, the basic rule of human nature is that the prospect of punishment deters crime. Dr. Sheldon Cohen, a psychiatrist, put it this way recently in the Atlanta Constitution:

> The final common factor [of crime] is the potential criminal's perception that he has a reasonable chance of committing a criminal act and getting away with it. Human behavior is just that simple. People embark upon those courses of action which they feel are likely to lead to success, reward and profit and avoid those which they think are likely to lead to failure.

What can our Nation do about crime? What can we do as citizens?

First, we must make the No. 1 priority of our criminal justice system the protection of the victims and the law-abiding public. We can do this—and we should do this—without ignoring the constitutional rights of the accused or even the convicted.

Second, members of the news media and of our legislative bodies—including this one—need to understand one basic rule that every lawyer learns early in his practice: Most criminals are fond of protesting their innocence.

Frederick the Great once visited a prison in Potsdam, and one prisoner after another prisoner came up to him and exclaimed his innocence. They all said that they were victims of schemes or police mistakes. But one man hung his head and professed, "Your majesty, I am guilty, and I deserve to be here."

Frederick the Great looked at the man with surprise in his eye. He turned to the guards and he said: "Free this rascal! Get him out of here before he corrupts all these noble and innocent people"

I think there is a real lesson to be learned from that, and I believe that particularly those in responsible places who pick out one isolated case of police abuse or some mistake in the judicial system should begin to place the matter in its overall and proper perspective.

Third, as legislators and as citizens, we can give support to the recent statement and proposals of Chief Justice Warren Burger. In his speech before the American Bar Association, the Chief Justice made this comment:

> We are approaching the status of an impotent society—a society whose capability of maintaining elementary security on the streets, in schools, and for the homes of our people is in doubt.

While poverty is one cause of our rising crime rate, the Chief Justice said, it is not the only cause. He explained his position this way:

> We must not be misled by cliches and slogans that if we but abolish poverty crime will also disappear. There is more to it than that. A far greater factor is the deterrent effect of swift and certain consequences: swift arrest, prompt trial, certain penalty, and—at some point—finality of judgment.

Chief Justice Burger made several recommendations that would help to insure swift and certain consequences for criminals. His proposals warrant our attention, our consideration, and our support.

First, he believes that we should allow judges to deny pretrial release on bail to defendants who pose a danger to the community. Under present law, our Federal judges may consider only the likelihood of a defendant's showing up for trial—which means that the likelihood of his committing crimes while out on bail cannot be the grounds for denying release. I might add the Senator from Alabama and the Senator from Florida and I have all introduced bills that would do exactly what Chief Justice Burger advocates there.

Second, we should provide for trial within weeks of arrest for most cases.

Third, all appeals should be reviewed within 8 weeks of a judgment of guilt, rather than months or years as is now the case. I echo that one and applaud that recommendation.

Fourth, all subsequent review should be limited to claims of miscarriage of justice. This would prohibit prisoners from clogging our courts with unfounded motions for years on end. This situation has, in the Chief Justice's words, made the appeals process "a mockery of justice."

Fifth, we should have larger and better trained law enforcement forces.

Sixth, we should make generous use of probation for first offenders. We should generally improve the conditions in our penal institutions. And we should give credit against the sentences of prisoners who improve themselves through education or vocational training.

These and other proposals, some of which I have made, would contribute substantially to fight against crime. There is another important contribution that can be made, however, by every American citizen.

Every one of us knows that we should support our community schools and churches. But how many citizens actively support the law enforcement community? How many of us talk to our legislators, our judges, our prosecutors, our policemen about strengthening law enforcement? How many of us assist the families of policemen or firemen who are killed or seriously wounded in the line of duty?

If we all pitch in, there is much that we can do collectively as citizens to curb the cancer of crime.

I have spent a large portion of my time during the last 3 years investigating narcotics, organized crime, and labor racketeering as chairman and as ranking Democrat on the Permanent Subcommittee on Investigations. I am convinced that America has only a few years left to turn the tide against these growing cancers.

With the huge drug profits and the "underground economy" probably exceeding $150 billion a year, this disease will soon be out of control if it is not treated. Our domestic economy and social fabric will be beyond repair.

We in the Senate can do something about crime—whether it is organized or of the random street variety.

I have introduced 15 key legislative proposals seeking to increase the gamble for criminal behavior and to reduce the odds favoring the criminal element in our society. There are a number of other bills also pending, which I have cosponsored.

One of my measures, S. 814, is known as the Organized Crime Act of 1981. It contains 10 proposals to strengthen the Federal effort against violent crime, especially the violence connected with organized crime and narcotics trafficking.

Another bill in one that Senator HEFLIN has introduced also, and Chief Justice Burger alluded to, the bill that would allow Federal judges to deny bail to dangerous defendants—the same proposal put forth by Chief Justice Burger. It would stiffen the penalties for Federal crimes committed through the use of violence. It would increase protection for Federal law enforcement officials and their families. It would permit the FBI to join State and local authorities to investigate serious murder-for-hire cases. It would amend the Freedom of Information Act to protect Government infor-

mation which might tend to disclose the identity of confidential informants as well as information which would positively identify them. And it would extend protection to informants and potential Government witnesses as well as those witnesses who actually are under subpena to testify.

The provisions are designed with organized crime and narcotics traffickers in mind. They are applicable across the board, however, and they will help to combat violent crime across a broad spectrum.

I also have two bills on the Internal Revenue Service, and S. 732 is the main bill there, that would restore the Internal Revenue Service to the role it once played in cooperative law enforcement efforts with the FBI and other agencies. It will do this without jeopardizing the privacy of our tax returns.

The IRS has one of the finest corps of financial investigators in the world. They were responsible for tracing the money flow up the organized crime ladder to such notorious gangsters as Al Capone and Frank Costello. The only effective way to pierce the veil of secrecy that protects such mobsters is through the flow of money up the organized crime hierarchy. The IRS once was the leading agency in the fight against organized crime and narcotics rings.

In 1976, however, Congress enacted the disclosure provisions of the Tax Reform Act now found in section 6103 of the Internal Revenue Code. That law set such stringent rules on the disclosure of tax information held by the IRS that the agency found it impossible to cooperate with the FBI or the DEA.

In addition to this statute, the top leaders of the IRS decided that the agency should concentrate on ordinary taxpayers and leave big-time criminals alone. The result was to turn the heat on waitresses and babysitters instead of gangsters and drug dealers.

The White House, working with the Permanent Subcommittee on Investigations, last year ordered the IRS to step up its efforts in this area. There has been some improvement, but the stringent restrictions of the Tax Reform Act of 1976 still need to be amended.

Another of my bills, S. 441, would permit the armed services to render limited but important support to our civilian drug enforcement agencies. The military routinely gathers information about the movement of suspicious airplanes and "mother ships" moving from Latin America and the Caribbean into the Southeastern States. Because of an 1878 law, however, there is a big question about whether the armed services legally can pass this information along to civilian agencies.

S. 441 would provide a limited exception to this 1878 law, which is known as the posse comitatus statute, to permit the armed services to pass along information which it gathers during its routine operations. The military would not be allowed to make arrests or seizures.

Narcotics smugglers make so much money in their illegal business that they are now equipped with the latest in aircraft, communications equipment, and weapons. We cannot afford to duplicate this equipment, which the armed services already have, but we can allow the military to share the fruits of their labors with our civilian agencies on a limited basis.

My proposed exception to the posse comitatus doctrine has been accepted by the Committee on Armed Services as an amendment to the Department of Defense Authorization Act. It soon will be on the Senate floor for consideration.

More than 90 percent of the illegal narcotics sold in this country are produced overseas. We should use every means, therefore, to stop the smuggling.

We also should use every means to halt production of the narcotics in the source countries abroad. One of the most effective ways of accomplishing this goal is to spray marihuana and poppy fields with herbicides, such as paraquat. Unfortunately, however, Congress banned the use of U.S. foreign aid funds for this purpose in 1978. I have joined with our distinguished colleague from Florida, Senator LAWTON CHILES, in sponsoring a bill, S. 664, which would remove this restriction.

Another bill which I introduced, S. 1163, is designed to weaken the control that organized crime now has over some labor unions—and even over entire industries in some parts of the country. This bill grew out of an extensive inquiry by the Permanent Subcommittee on Investigations which showed a pervasive pattern of kickbacks and illegal payoffs to union officials in many east and gulf coast seaports. In many cases, these officials of the International Longshoremen's Association had been convicted of various crimes—yet they kept their union positions and continued their corrupt activities pending their appeals.

S. 1163, which is known as the Labor Racketeering Act of 1981, would provide for the suspension from union office of any official upon his conviction of a serious crime. It also would increase the penalty for a violation of the Taft-Hartley Act from a misdemeanor to a felony—since labor and management officials can now violate that act and suffer only a slap on the wrist.

This bill would also clarify the duty of the Labor Department to investigate criminal violations of the various labor statutes. The Department has taken a very limited view of its responsibilities in this respect, preferring to stick to civil matters. In its investigation of the Teamsters Central States Pension Fund, for example, the Department refused to pursue certain criminal leads despite there have been many allegations about crime.

The Labor Racketeering Act, if enacted, would be a significant step toward eliminating the control that organized crime exerts over much of the ILA, and it would help prevent a repetition in other unions.

While these measures would be extremely important to our Federal law enforcement agencies, the fact is that the Federal Government's role in fighting crime is limited by the Constitution. The prime responsibility in this area remains where it should be—with our State and local governments.

The Federal Government, however, can set an example for our State legislatures. In can be aggressive in fighting violent crime within its domain. The recommendations made by Chief Justice Burger, as well as those which I and others have put forward in the Senate, if implemented, would serve notice throughout the land that the Federal Government is serious about violent crime.

There are some important "ifs." If the Internal Revenue Service can be redirected against the top level narcotics dealers and organized criminals; if dangerous Federal defendants are denied bail; if stiff sentences are meted out for violent Federal crimes; if the Federal trial and appeals process is swift and sure.

If these things come to pass, the criminals and potential criminals will get the message that we mean business about crime in America.

Mr. President, I believe we have a real opportunity in the next 2 years to make the fight against crime a real priority, not by simply rhetoric but by passing legislation that will change the general thrust of our criminal justice system but will do so while continuing to protect the constitutional rights of those who are accused.

One of my distinguished fellow Georgians, former Attorney General Griffin Bell, was recently named as cochairman of the President's Commission on Violent Crime. I think that is an excellent appointment. I understand they are to make a report in about 3 months, and I hope that report will be an excellent product, which I am sure it will be. Judge Bell has said:

> The truth is that there are a lot of bad people out there who ought to be locked up to protect the rest of us. Unless we're willing to face that, we don't really deserve a safe society.

Griffin Bell has a way of getting to the heart of most subjects, and I think he did it with that statement.

We must strengthen and enforce the laws of this country. As William Pitt said many years ago, "Where the law ends, tyranny begins." We must end the tyranny of crime that undermines the very foundations of our free and safe society.

As citizens of the greatest Nation on Earth, this is our challenge. This is our duty.

Mr. President, I thank the Senator from Alabama for yielding me some time.

Mr. HEFLIN. Mr. President, I would like to add the name of Senator JEPSEN as a cosponsor of the resolution, and I ask unanimous consent that I may do so.

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

Mr. HEFLIN. I wish to thank the Senator from Georgia for his excellent remarks and his great work in this field, his ingenuity in drafting legislation and in moving it forward.

At this time I yield to the distinguished Senator from Florida (Mr. CHILES), who

has been a great leader in this battle against crime and who has been interested in this, and has been involved in many, many aspects of investigations and hearings on it. I am glad to yield time to Senator CHILES.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida.

Mr. CHILES. Mr. President, I thank the Senator from Alabama.

I wish to add my remarks to what has been said here today, to associate myself with the remarks the Senator has made in his opening statement, and to join him in this resolution. I think this is tremendously important. I think the work the Senator from Alabama has done on this resolution and on the other bills he is sponsoring certainly lends great weight to the thrust of the fight we are now trying to make.

This resolution is particularly important. From what I see, as we come up to a vote on one of these particular anticrime measures, it always seems to pass. No one is against what we are trying to do. Our greatest problem is trying to get the committees to spend time to look at these bills, especially since the committees all have many, many items which they are taking up.

We are talking about a package of anticrime bills. All of the bills in the package do not go to just one committee. The package is going to the Judiciary Committee; it is going to the Finance Committee; it is going to the Armed Services Committee; and certain aspects will have to go to the Appropriations Committee. So we are talking about many committees and each committee has its own tasks to do.

My concern is that we need to be very careful that we do not just pass one or two bills and then pat ourselves on the back and say, "We have fought a good fight; we have really done something." We know that if we are going to make some kind of a concentrated attack on violent crime and a concentrated attack on the drug smugglers, then we have to pass a package of bills. That means that we have to make sure that we have the essential elements of that package, and that we are able to pass all those bills.

That is a benefit of this resolution. It is a sense-of-the-Senate resolution that we are now talking about would make this package of bills a No. 1 priority, an essential priority, something that the committees all need to take cognizance of. We need to make sure that we move these legislative initiatives, that we get through the hearing process. We need to hold hearings in which everyone gets a chance to speak and we study the details of this legislation.

But the thrust of the resolution, as I see it, is that we are going to make this session of Congress a landmark session in that we are going to deal with a complete package of bills. This package will send the word back to the hoodlums: "You better get out, because we are coming after you." We are going to send the word back to the State and local law enforcement officials, who have literally just almost been overwhelmed with this problem, that the Federal Government is going to offer assistance; that we are not going to ask them to shoulder the whole burden. We are going to send the word to these drug dealers and organized criminals who have been enjoying immense illegal profit, with very little risk of getting caught, that the ball game is changing. We want them to know that we are making this a No. 1 thrust of the country and that we are going to do something about it.

The Senator from Georgia was talking about some of the initiatives that he has entered into. I compliment him for the work he has done as chairman of the permanent Committee on Investigations up until November and now the ranking member of that committee. I want to compliment him for the work that he has done over the last 3½ years in organizing a most competent staff of dedicated individuals and dedicated experts to try to determine the essential elements of a legislative package that could come from the Federal Government. Under the chairmanship of the Senator from Georgia the permanent Committee on Investigations has held numerous hearings and has come up with numerous items that would fit into that package.

Now, working with the distinguished members of the Judiciary Committee, such as the Senator from Alabama, under the distinguished chairmanship of the Senator from South Carolina, who himself is a champion on the cause of trying to fight crime, we are going to have a chance to move with a number of bills on all of the sorts of fronts. These bills will give us a chance to say: "We are coming with a Federal package. We are going to give aid and assistance in every area that we can. We are going to bring the Internal Revenue Service back into the fight. We are going to remove restrictions that tie the hands of us working with other countries. We are going to give assistance to our Federal law enforcement agencies and to State and local agencies. We are going to share all of the intelligence that we are able to gather through our sophisticated equipment and through the military intelligence gathering devices that we have. We are going to make a coordinated attack."

Then, we are looking at the Judiciary, too. We are going to determine what are those statutes that handicap us in setting proper bail or refusing to set bail. Then, we're going to determine where we should have stiffer sentences and stiffer penalties. That way, we will target those major offenders and see that, when they are caught, they will pay dearly for the crimes which they committed.

My State happens to get the first wave of what now comes up from the South. Eighty percent of the marihuana coming into our country, 70 percent of the cocaine, and about 90 percent of the quaaludes that are coming into this country are coming through Florida. I wish that was not so.

We now find ourselves where we have so many violent crimes and so many murders. We are awash with the illegal drug money that has come in and has inflated our entire economy, added to the value of land, added to the value of houses, competed with legitimate business people who are paying their taxes. This money is there to corrupt our officials. I can see that it is just creating a terrible situation in turning my wonderful State. But we in Florida are determined to do something about it.

I compliment my Governor in Florida, Governor Graham, who is taking a leadership role, and Florida's attorney general, Jim Smith, for his leadership. They are trying in every way they can to provide leadership in the State and to alert the national Government to the problems that we are having.

I wish to compliment the legislature in Florida. They are passing, and did pass in the last session, major sets of bills. In fact, our penalties are so strong now in the State courts that, when offenders are caught, they try to get their way into the Federal court system, rather than be tried in the State courts because the penalties are much more severe.

Now there is another package of bills that is working its way through our State legislature. We are talking about even raising our sales tax and earmarking 60 percent of the additional increase of the sales tax to fight crime, to build prisons, and to take care of our crime-related problems.

So I think we are talking about an attack that has to be made, not just from the Federal Government. A State government certainly cannot do it by itself and a local government cannot. It has to be a coordinated effort.

The citizens of my State also decided that they are going to play a role. We are having crime watches being set up. Drug education associations and neighborhood associations have decided that they are going to assist the police by lending their eyes and ears to what is going on. I know they are tremendously beneficial. The citizen on the street has decided he is no longer just going to wring his hands in Florida and say, "Why don't they do something?" They are beginning to try to play whatever role they can. They are, of course, looking to the Federal Government to see if we are going to assist them.

We are dealing with an international conspiracy that comes to our State. We are dealing literally, with a foreign invasion.

When we met with the President last week, I tried to tell him that the one issue on which we have enjoyed bipartisan support in this Congress, between the House and the Senate, between Republicans and Democrats, between the administration and the Congress, is national defense. We all realize that we have to beef up our national defense.

I was trying to indicate to the President, though, that we also need to be concerned about domestic defense and that part of our national security is not just national defense but also domestic defense. Domestic defense is fighting street crime, drugs, and organized crime. Certainly then, our armies in this effort are the DEA, the Coast Guard, Customs, the Internal Revenue Service, the FBI, and the Immigration and Naturalization Service. I told him that those are the items we should not be cutting. Those

are the ones we ought to be beefing up. Just as we are beefing up the military for national defense, we have to beef up our crime fighters for domestic defense. We have to send the word that we are concerned about our total national security. To be concerned about that means being concerned about building a strong domestic defense. That leadership role needs to come from the White House.

I was delighted with the reception that we received. In addition to the President, attending that meeting were the Attorney General, the Vice President of the United States, leading officials from Treasury and other Departments. If we are going to get support from the White House, I think that participation is going to be essential.

Again, as the Senator from Georgia pointed out, I believe we were saying that this is an item that must be bipartisan. It is an item just like national defense, where we should have Congress and the President working hand in hand. The opportunity is great. The people are speaking and saying they want this kind of support; they want this kind of package of bills.

With the sense-of-the-Senate resolution that is submitted here, we have a chance to go on record by saying we are going to commit ourselves and take the time that will be necessary to put together a coordinated package of bills. Then we can move forward with the task of seeing that we rid our land of some of these corrupting influences.

I again thank the Senator from Alabama for his leadership and for the resolution he has submitted today.

Mr. HEFLIN. Mr. President, a number of other Senators were scheduled to speak on this matter today, but are unable to be present at this time.

I ask unanimous consent that any Senator desiring to enter a written statement into the RECORD on this resolution may be allowed to do if it is submitted during the time that the Senate is in session today, and that it appear in the appropriate place in the RECORD.

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

Mr. BOREN. Mr. President, I am pleased to cosponsor this resolution offered by my distinguished colleague, Senator HEFLIN. Next to inflation, violent crime is the most serious problem that faces our Nation today. Events of the last several days and weeks reinforce the urgency which we face in fighting this growing tide in our country. It is important that the U.S. Senate go on record expressing its feeling that immediate action to combat violent crime should be a top national priority.

We are literally being held hostage in our own homes by this wave of violence. One of the most disturbing aspects of this growing crime wave is that the violence is spreading from our cities, to areas in rural and suburban America that have not normally experienced violent crime.

Mr. President, the Justice Department has reported that nearly one out of three households was victimized by serious crime last year. Organized crime flourishes. The illegal narcotics trade now does as much business as the nation's largest corporations. A recent National Institute for Drug Abuse study found that 237 drug addicts were responsible for more than 500,000 crimes over an 11-year period. These statistics are shocking. Action is needed now to stem the tide of growing violent crime.

Mr. President, several of my colleagues and I have joined in introducing a package of bills that will be a major step in strengthening the role of the Federal Government in law enforcement. Although we realize that the Federal role in law enforcement is limited by the Constitution, it is important that we set a good example for our State and local law enforcement authorities.

Our group recently met with the President to voice our concern about this problem in our country. We told the President that we felt that with his leadership in generating public support we could pass an anticrime package this year which would be comprehensive and really have teeth in it.

Mr. President, I hope that my colleagues can join us in this effort by joining in the passage of this resolution offered by Senator HEFLIN and by supporting the package of anticrime bills that will strengthen the Federal Government's role in law enforcement. It is time to take positive steps to fight violent crime. Surely, the recent crime statistics will shock all of us into taking up Justice Burger's plea that as a nation we "declare war on crime."

Mr. HOLLINGS. Mr. President, I rise today to join my distinguished colleagues in cosponsoring this resolution, Senate Resolution 141. It is important and significant, in my opinion Mr. President, that the U.S. Senate go on record and establish the combating of crime and violent crime in particular as a national priority. This resolution serves this purpose, and perhaps more important, it demands immediate attention to overcome this blight on the national scene.

It is sad, but true, that for sometime now we have witnessed a steady, ever-growing expansion in the number of crimes and violent crimes committed in our Nation. The statistics are overwhelming and are so well known they need no repeating here to bring this frightful message home. My colleagues here today Mr. President have outlined the parameters and nature of the problem in great detail. Clearly, Mr. President, we have become a Nation comprised of individuals, who, if not actual victims of crime, are cowered by the growing threat of crime. For many Americans crime is the single most significant problem they face. The deserved response to this national disgrace is a thorough and conscious frontal attack designed to rid us of this problem as soon as possible.

Practically daily reports and one crime statistic after another chronicles the incessant growth in the crime rate. It has truly reached epidemic proportions. No part of our Nation is immune from it. Criminals are actually holdings countless Americans hostage in their homes, fearful to venture out in their own neighborhoods. No segment of our society is immune from the paralysis caused by crime.

The Federal Government's role in law enforcement is limited by the Constitution. And, the overwhelming majority of all crimes fall under the jurisdiction of State law. Regardless of these limitations, Mr. President, we can set an example for our State and local authorities. Far from calling attention to the problem and then pointing the finger of resonsibility to the State and local authorities and demanding they do something about it, Mr. President, we are here today announcing that we will join arms with the States to provide the resources and the cooperation and the effort to develop a workable methodology to confront crime and defeat it.

Recently several of my colleagues and I had the opportunity to meet with President Reagan to discuss the problem of crime. It should be noted that President Reagan has appointed a task force headed by Gov. James Thompson of Illinois and former Attorney General Griffin Bell to deal with the problem of violent crime. The report is expected in the next few months. Additionally Chief Justice Berger has outlined important concerns that focus on the crime problem and reserve our attention. Through our action today, we in the legislative branch signal our concern and support and our intention to join the other branches of government in facing up to the problem and getting something done about it.

My colleagues and I are enthusiastically supporting a comprehensive package of anticrime legislation that goes to the heart of many problems in our system of criminal justice and does much to give our law enforcement officials and jurists the tools to defeat this crime attack. Among other things, these bills would—

Restore the Internal Revenue Service to its once effective role in cooperative law enforcement efforts with such agencies as the FBI and DEA.

Provide mandatory life sentences for career criminals who are convicted of violent felonies for a third time.

Provide stiffer penalties for Federal crimes committed through the use of violence.

Allow Federal judges to deny bail to defendants determined to be dangerous to the community.

Reduce the unnecessary delays between arrest and trial and shorten the appeals process.

Establish an additional 5-year sentence for the use of a handgun in the commission of a Federal felony.

Modify the habeas corpus procedures so that our courts will not be clogged with numerous and frivolous motions from prisoners.

Strengthen Federal programs and policies for combating international and domestic terrorism.

Permit the armed services to render limited but important assistance to our civilian drug enforcement agencies.

Repeal the prohibition against the use of U.S. foreign aid funds to spray marihuana fields with herbicides, such as paraquat, in overseas countries.

Increase protection for Federal wit-

nesses, informants, and law enforcement personnel and their families.

Amend the Freedom of Information Act to provide protection of Government information which would tend to identify confidential informants as well as that which would positively identify them.

Define and place certain limits on the exclusionary rule in Federal criminal proceedings.

This legislation is a start and I am pleased to cosponsor the individual bills. It must be emphasized, Mr. President, that while we have proposed a package of bills that this legislation will go to several different committees for attention and action. Necessarily it will be important for us to keep close watch on the progress of these bills if we are going to obtain the package we need to get the results we want. There is a strong consensus of opinion and support for our efforts, Mr. President, and today, through passage of this resolution we give our efforts in combating crime the necessary focus needed to respond to this concern. I am pleased to cosponsor this resolution, Mr. President. and I am confident my colleagues will lend their efforts to our program to attack crime and violence.

● Mr. KENNEDY. Mr. President, I am pleased to join with Senator HEFLIN and my other distinguished colleagues in introducing this resolution to express the sense of the Senate that combating violent crime be a national priority.

In recent years, the increase in violent crime across the Nation has been dramatic. In the last 3 years the rate of increase in violent crime has literally doubled. Just last year violent crime soared by 13 percent—the biggest jump in a dozen years. In my own State of Massachusetts the statistics are equally staggering. Every 42 hours 1 person is murdered, and every day 4 women are raped, 32 persons are robbed, 242 homes are burglarized, and 174 cars are stolen.

However, these statistics do not tell the whole story of the suffering incurred by the victims of crimes and by their families. In Boston, the recent brutal murder of a young nurse by two men who broke into her apartment on a Saturday afternoon created fear and anguish in every citizen of the city. Just the other day, a young woman approached me on the steps of the Capitol and told me of her sister, a second year medical student, who was raped and murdered after coming back from rounds one evening. And the tragic shooting of the Pope, the President, Mr. Brady, and the two law enforcement officers, and the macabre killings in Atlanta have focused national attention on the need to do something about violent crime.

In light of these grim statistics and events, the American people have justifiably turned to us, their elected representatives, and asked: "Why has the Government abdicated its responsibility for public safety." I believe that it is time that we in the Congress make the war against violent crime a top national priority, and I commend Senator HEFLIN for introducing this resolution which will make it clear to the people of this Nation that we will take action to eliminate this epidemic of crime plaguing the Nation.

I would also like to commend Chairman STROM THURMOND for his leadership in dealing with the crime problem. Senator THURMOND and I have worked together closely in the past few years to forge a comprehensive bipartisan crime package, and I am looking forward to working with him again this year.

As a member of the Judiciary Committee, and as former chairman, I have spent the last 5 years working on essential measures to deal with the rising crime rate. I do not pretend that these proposals are a full solution to the violent crime problem, but I do believe that they are an important step toward a more responsible and fair criminal system. I am developing a series of measures to be introduced soon in the Congress. Let me briefly outline these proposals.

First, State and local law enforcement officials must have the financial resources they need to fight violent crime. I am proud of my efforts in the Judiciary Committee to reform the ineffective LEAA program of the 1970's and to revitalize it for the 1980's. We have redesigned the program to target areas of special need such as street crime, career criminals, violent youth offenders, and the festering epidemic of crime from drug addiction. In addition, I believe that we must pay policemen and women a decent wage equal to their risks and responsibilities. No officer in any city should have to jeopardize his life for a subsistence salary that can barely support his family. I believe that people in every part of the political spectrum should be able to agree that law enforcement is, in the truest sense, part of our national defense. I believe that it is time to provide Federal funds for those programs which have proven effective in getting violent offenders off the streets and into the jails.

Second, we need better handgun control in this country. Every year 10,000 Americans are murdered by handguns, and by this time tomorrow 29 Americans will have been killed. I have introduced legislation with Congressman PETER RODINO to control handguns. It has been cosponsored by Senators CHAFEE, MATSUNAGA, MOYNIHAN, PELL, PERCY, TSONGAS, WILLIAMS, and INOUYE. It is a moderate bill which bans the manufacture of Saturday night specials and cheap handguns; creates a mandatory 2-year minimum prison sentence for any felon who commits a crime with a handgun; and establishes a mandatory waiting period of 21 days for the purchase of handguns to prevent them from falling into the hands of criminals and psychopaths. I think that no crime package is complete unless it deals with the handgun problem.

Third, we must resolve the critical issue of bail. We should take danger to the community into account before releasing defendants accused of violent crimes prior to trial. Certainly the presumption of innocence is a fundamental right of all Americans; but that constitutional right does not preclude judges from placing reasonable terms on bail in order to protect the security of the community. In addition, I believe that we must reexamine our system of money bail which keeps those in jail simply because they cannot afford the bail. It is time that our entire bail system is reformed to insure that it deals fairly, equitably, and effectively with defendants on pretrial release.

Fourth, we must revise our sentencing procedures for all criminals, not just to make them tougher, but to achieve greater certainty in sentencing and to require similar sentences for similar offenses. In recent years, the system of sentencing has become a national scandal. Runaway discretion reigns and parole release is often unfair and arbitrary. In the last Congress we devised a comprehensive sentencing system which received broad bipartisan support, and I hope that we can move forward again with this proposal this year.

Fifth, we must focus our attention on juvenile crime. We all understand there are some juveniles who do not belong in the criminal justice system. Jails are not the way to deal with the status offenders—the truants, runaway children and other children whose conduct would not be criminal if committed by adults. Massachusetts has been a pioneer in deinstitutionalizing status offenders and focusing resources on programs to divert youthful offenders from a career of crime by innovative programs like restitution and job training.

But I believe that young persons who stab, shoot, assault and mug should not be allowed to use their youth as an automatic apology for their crimes. The young who are responsible for such crimes should be treated as adults, tried as adults, and sentenced as adults. Young offenders convicted of crimes of violence should receive adult sentences, including prison terms. It is wrong to incarcerate juvenile offenders with adult criminals, but it is also wrong to let violent offenders go free solely because of their youth.

I was pleased to see that the Senate Judiciary Committee recently reaffirmed by a unanimous vote its commitment to the juvenile delinquency program in the Justice Department. With the bipartisan support which this program has on both sides of the aisle, we must tailor a program that uses Federal resources effectively to combat violent juvenile crime.

Sixth, no crime control program can succeed unless it provides resources for the prisons and other facilities in which criminals serve their terms. As John Collins, the former mayor of Boston, said in his MIT study, a key element of any effective crime program is the need for increased resources to meet the number of new prisoners as the program begins to work. We must find genuinely effective methods of rehabilitation, and we must end the overcrowded and decrepit conditions that plague our prisons and turn them into vicious schools for crime. The Judiciary Committee has begun hearings on the best role for the Federal Government in assisting State and local governments in dealing with the problems of prison overcrowding. I look forward to the outcome of these hearings.

Seventh, we must help citizens victimized by crime. Just this month, cities across America commemorated "National Victims of Crime Week." Citizens called on all levels of Government to deal with the problems of those who have suffered from crime. No amount of financial aid can fully compensate for the shattered lives and physical injuries of victims of crime in our society. But a reasonable compensation program can help in meeting the financial burden of such tragedies, and can provide other assistance for counseling for victims. It is time for Congress, acting in partnership with State and local government, to end the neglect and to recognize that any crime program must be sensitive to the rights and needs of victims.

Mr. President, we in Congress have a clear responsibility to safeguard citizens from violent crime, and to do so without sacrificing civil liberties. We must act now.●

Mr. HEFLIN. Mr. President, there being no other person in the Chamber who desires to speak on this matter, 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. HEFLIN. 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. HEFLIN. Mr. President, there being no one else in the Chamber at this time who desires to speak, and since Senators will be allowed to enter their statements into the RECORD on this issue, I yield back any remaining time.

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

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

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of routine morning business.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

SUPPLEMENTAL APPROPRIATIONS AND RESCISSION ACT, 1981

The PRESIDING OFFICER. Under the previous order, the Senate will now resume the consideration of H.R. 3512, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3512) making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, the bill we are considering today is quite possibly the most complex single appropriations bill that has ever come before the Senate of the United States. It includes supplemental appropriations, rescissions, deferrals, and transfers. It represents a significant step in the implementation of a dramatic about face in Federal spending policy.

The bill as reported includes rescissions of $15.3 billion in budget authority and supplemental appropriations of $21 billion. Thus the net budget authority provided by the bill is a relatively modest $5.7 billion. This low-net budget authority figure represents our efforts to comply with the President's mandate to reduce Federal spending by rescinding existing authority in amounts as large as $5.26 billion for subsidized housing and as small as $500,000 for running the low-income energy program.

I think we can get a better perspective on the relatively modest $5.7 billion in net budget authority we are recommending in this bill as well as the sweeping nature of the rescissions we are proposing by reflecting that the bill as reported provides $6 billion just for mandatory Federal pay costs, almost entirely due to the October pay raise.

At the same time, I think we must recognize that the committee has tended to follow the course of least resistance by rescinding funds that would in many cases not be spent until next year at the earliest while providing supplemental appropriations that will be spent now. It is human nature to postpone the unpleasant. Consequently, it should be no surprise that the committee had a great deal of trouble finding rescissions that would reduce outlays in the current fiscal year. After all, we have only a few months remaining of the current fiscal year. As a result of placing this emphasis on rescissions which would have their greatest impact in years to come, such as subsidized housing and waste treatment construction cutbacks, total outlays resulting from the bill are more than twice the bill's $5.7 billion in net budget authority—$12.8 billion in outlays, to be exact. This places us within $66 million of the outlay ceiling contained in the third budget resolution for the current year and means we have virtually no room for floor amendments that would add further funding to the bill.

In fact, had the conferees on the third budget resolution for fiscal year 1981 not rejected the Congressional Budget Office's outlay estimates in favor of outlay figures halfway between the administration's estimates and CBO's estimates, the bill before us today would have exceeded the outlay ceiling contained in the third budget resolution by at least $600 million.

Furthermore, we are undoubtedly going to be faced with additional supplemental requests that would break through the third budget resolution outlay ceiling. Before the ink was dry on the Appropriations Committee's report on the bill before us today, Congress was presented with a $250 million supplemental request for veterans' GI bill entitlements. We are told that food stamp and child nutrition supplementals totaling well over half a billion dollars may be in the works.

The point I am trying to make is this: Although the supplemental rescissions bill we are now considering is technically in compliance with the outlay ceiling contained in the third budget resolution, I will be surprised if the ceiling is not breached within the next 30 days. Therefore it is incumbent on us to resist all attempts to increase the funding contained in H.R. 3512 and to support efforts to cut that funding whenever possible.

Mr. President, I would be remiss if I did not take this opportunity to commend the chairman of the Appropriations Committee, the distinguished Senator from Oregon (Mr. HATFIELD) for the fine touch he displayed in piloting this legislation through the shoals and narrows of full committee markup. This is, as I said at the outset, a uniquely complex bill. We have changed the bill as it passed the House in more than 400 places. The senior Senator from Oregon accomplished a remarkable feat when he whisked the legislation through full committee in just 1 day.

It was a long day. It started early and ended late. But the Senator from Oregon did, I think, a masterful job. I have been on that committee now for about 20 years, and I have never seen a committee chairman handle this as well as the distinguished Senator from Oregon handled it.

And I will be working closely with him not only to hold the totals in the bill down but also to seek its early passage through this body and a House-Senate conference committee.

Mr. President, I yield the floor.

Mr. HATFIELD. Mr. President, I entered the opening statement as the manager of the bill on this side of the aisle last night, and I will not attempt to restate those comments at this time except to take this occasion to again thank my good friend and colleague from Wisconsin, the ranking minority member of the committee, Senator PROXMIRE, and his very able staff people who have assisted so well in bringing this bill to the floor in record time, and as the Senator has indicated this is indeed a unique bill.

I do not know that we have ever had a bill quite of this complexity before out of the Appropriations Committee and under the time gun that we have been operating under of not only legislative mandates but the dates we have to accommodate in waiting for the House of Representatives to act first. So it has been a very wonderful experience of cooperation between the majority and the minority.

Also, again I have to comment on the outstanding leadership given by the subcommittee chairmen who have held hearings hour upon hour, have gone through markup sessions hour upon hour, as preliminary to the full committee markup before bringing the bill here to the floor.

FOREIGN ASSISTANCE

Mr. KASTEN. Mr. President, I would like to point out several things with respect to chapter V of this legislation which covers items under the Foreign Operations Appropriations Subcommittee. There are a number of issues which were and remain, controversial which should be discussed, and a couple of things which should have some legislative history so there is a clear understanding behind the decisions made by our committee.

INTERNATIONAL DEVELOPMENT ASSOCIATION

The committee has agreed to a funding level of $408 million for the first installment to the sixth replenishment of IDA, $132 million below the administration's request. It is important to emphasize several points with respect to that recommendation. First, the recommendation is not meant to force a renegotiation of the sixth replenishment of IDA; second, there is nothing in this recommendation that should be read as Appropriation Committee intention not to approve at some time in the future amounts suggested by the sixth replenishment. Third, it is meant to signal the administration and those interested in the International Development Association that we feel a large increase in funding for this institution at this time is neither wise nor possible, especially given the requirement to cut important domestic programs.

Fourth, it is meant as a signal that we will not look favorably upon large replenishment increases in ODA or other multilateral development banks in the future.

Mr. President, should Congress ratify the committee's recommendation, and I earnestly hope it will, it must be understood that this will not prevent full funding for IDA VI from eventually being obtained.

INTERNATIONAL FINANCE CORPORATION

The bill rescinds $33,477,900 from this institution. Both appropriation committees originally thought this amount was available under the continuing resolution. Subsequent examination has determined that the language of the continuing resolution does not make this available. However, this amount is scored against us. Therefore, the committee was left with two options: First, affect a rescission as is recommended; or second, persuade the Congressional Budget Office that the scoring is incorrect. The problem with the latter course is that the scoring would not be changed until July. Thus, the committee felt the proper thing to do was to use rescission language.

INTERNATIONAL NARCOTICS CONTROL

The committee was able to recommend an additional rescission of $10,185,000 over the administration request because this legislation also extends the continuing resolution to the end of the fiscal year, an action not assumed in the administration's rescission request of $3.1 million. Originally, the administration had intended to request this additional rescission after the extension of the continuing resolution. The committee sees no need for waiting, and, therefore, rescinds that amount now.

MIGRATION AND REFUGEE ASSISTANCE

The committee agreed with the House by rescinding $17.5 million from the Indochina refugee program. This action, which is more than requested, is consistent with program needs. The committee does not agree with the requested rescission of $12.5 million in the resettlement program for refugees from the Soviet Union and Eastern Europe going to Israel. The committee believes that refugee programs for Soviet and Eastern European refugees, Indochina refugees, African refugees and Afghani refugees deserve strong support from the Congress.

EXPORT-IMPORT BANK

Mr. President, the Appropriations Committee is recommending a rescission of $502 million in direct loan authority which is $250 million less than the rescission request. The committee felt that the large reduction sought by the administration was not feasible at this time, and, therefore, went along with a proposition made in the Budget Commitee puting back one-third of this authority. In an effort to ameliorate this reduction, the committee has agreed with the House and provided $50 million more in guaranteed loans.

Mr. SCHMITT. Mr. President, will the Senator from Oregon, the distinguished chairman of the Appropriations Committee, yield?

Mr. HATFIELD. Mr. President, I am happy to yield to the Senator from New Mexico who chaired probably one of the most difficult of all the subcommittees, that dealing with the nondefense items relating to health, education, welfare, and probably had more hours of hearings and more witnesses than any other subcommittee on the Appropriations Committee and who had the very difficult role of reducing the budget authority by $2.5 billion on that one subcommittee. Of the total $15.3 billion that our Appropriations Committee rescinded in budget authority this 1 subcommittee of the 13 rescinded some $2.5 billion.

So it was a monumental task and under the masterful leadership of the Senator from New Mexico who has been one of my very strong right arms, and I am very grateful for his service to the committee and to this Senate.

I yield to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, I blush and am humbled by the chairman's statements. I think all the subcommittee chairmen as well as the full committee chairman and ranking minority member have done just an amazing job with this truly historic bill that is before the Senate today.

I have not only appreciated the opportunity to work with the chairman and the distinguished Senator from Wisconsin, who is also by the way the ranking minority member on the Subcommittee on Labor, Health, Human Services, and Education, but I appreciated very much the opportunity to work on what is the most essential task before Congress today and that is reducing the rate of growth of Federal spending, laying the groundwork for an appropriate reduction in Federal taxation, and hopefully with a revitalization of the economy we can be more selective and in some areas more generous in future years with the kinds of activities the Federal Government clearly does have an essential role in performing.

Mr. President, I am pleased to present to the Senate a brief overview of the Labor, Health and Human Services, Education, and Related Agencies chapter of the fiscal 1981 supplemental and rescission bill.

Let me start by saying that the job before our Labor-HHS Subcommittee was to reduce the budget substantially to help deal with the economic problems facing our country. This was no easy task since virtually all of our programs address various human needs. I believe, however, we have done this difficult job and done it well.

In total we recommend $2,598,957,000 in budget reductions. This number is composed of $2,205,825,000 in rescissions and $393,132,000 in reductions in the supplemental appropriations requests presented to our subcommittee.

Frankly, we have exceeded our own expectations. Our initial goal was to try to achieve $2.5 billion in total savings, but that total has swelled to almost $2.6 billion.

This is a 90-percent response to the almost $2.9 billion in budget reduction requests that came to our subcommittee from the President.

Also, our savings recommendations exceed those of the House allowances by $631.7 million in rescissions and $221 million in reduced supplementals. We also exceed the House by $25 million in deferrals—$776 million compared to $751 million.

There are other important numbers to mention. For Labor-HHS-Education, we provide $549 million in the all-important category of outlay savings compared to the President's request of $492 million, a difference of $57 million. The $549 million is about 37 percent of the outlay savings required of our subcommittee by the reconciliation resolution.

For pay and program supplementals, our chapter of the bill produces $245 million in outlay savings achieved by reducing the administration's proposed requests.

We are not happy about having to cut programs that help the least advantaged in our society. But we also recognize that inflation is eating away at our economy and is hitting hardest at the poor and those on fixed incomes. Inflation is the cruelest budget cutter there is and must be brought under control. The first step in that process is to reduce Government spending.

Because the programs under our jurisdiction are so sensitive to human needs, we could not agree in full with the budget savings recommended by the administration, which included many across-the-board cuts. As we reviewed all of the amounts provided for our programs by the 1981 continuing resolution, we tried

to spread the burden of the budget reductions to as many programs as possible to avoid laying that burden on only a few. In short, we sought to achieve a balanced approach.

For example, we recognize that our programs make a vital contribution to the health of the American people—and that one of the most cost-effective is the biomedical research conducted by the National Institutes of Health. Our decision, therefore, was to limit the budget reductions in NIH to only 44 percent of the requested amount in order to preserve new and competing research grants and to protect research training to the greatest extent possible. In this same context, we propose reduced rescissions, or no rescissions at all, in funds for maternal and child health training, control of environmental hazards, occupational safety and health training, mental health training, public health and primary care programs, and nurse training, to cite several examples.

In education, we recognize, again, that our programs play a vital role in assisting the disadvantaged, including the handicapped. At this stage in the fiscal year we felt many programs could not sustain the general 25 percent decrease proposed by the administration. We have, therefore, reduced the rescissions that were requested for a number of elementary and secondary education programs, including bilingual education, as well as education for the handicapped, library resources and vocational education.

On the other hand, we accepted the administration's proposed cuts—or made bigger cuts—in programs which are of lower priority, which are wasteful or outdated, which no longer do the job they were intended to do, or for which other sources of funding are available.

At the top of our list we put certain CETA programs, primarily public service jobs, for which we made both substantial rescissions and deferrals of funds. We also began the phasedown of the antiquated Public Health Services Hospital and Clinic system by making a reduction of $36.2 million in that program and putting a limitation of $126,242,000 on program operations. We accepted the President's proposed cut for drug abuse and alcohol State formula grants where we discovered these programs still have about $71 million in unexpended funds for fiscal 1980. Capitation grants for medical and dental schools finally will be terminated. We also made a $35 million reduction for health maintenance organizations since some 85 percent of HMO's are now self-supporting.

In education, we agree with the House in making a $33 million cut in impact aid. We terminate the $107.8 million emergency school aid State grants program. We have learned that many school districts use these grants for general educational assistance or compensatory education rather than for their original purpose—desegregation assistance. We also have tried to make larger cuts in programs which fund information and referral, and research and evaluation projects, in order to protect programs which provide direct support to children.

The committee reduced the 1981 supplemental request for Pell grants by $270 million. Our bill requires that each grant be decreased by $100. In this time of fiscal stringency, we do not believe it is too much to ask students to pick up the $100 per year added cost themselves. For the guaranteed student loan program, we make a $36.5 million reduction by eliminating administrative allowances to participating educational institutions. We did not, however, accept the proposed rescission of $103.2 million for GSL loans since new authorizing legislation is needed to reduce the size of this entitlement program.

The committee also agreed to reductions in costs for consultants, travel, equipment, and other overhead items.

All in all, I believe we have done a measured and compassionate job in reducing labor, HHS, and education programs in line with the need to cut Federal spending and combat inflation, while maintaining sufficient levels for priority programs. I hope the Senate will agree with our recommendations and will adopt them.

Mr. President, I would say only, in summary, that even though as the Senator from Oregon has indicated we cut $2.5 billion, a little more out of the expenditures for fiscal year 1981, plus some reductions in the supplementals that were asked for, we have, I think, taken into account the essential priorities of Federal involvement in the activities of labor, health, and human services and education throughout the society.

It is important to remember that in contrast to the discrimination which the subcommittee and the full committee can make on sorting through priorities, the monster that we are fighting which is inflation has no such discriminatory capability. Inflation does not distinguish between those who benefit from Federal programs legitimately and those who abuse those programs. It does not discriminate between those who work and those who want to work and those who do not want to work.

And it is up to Congress and particularly up to the Appropriations Committee and the subcommittees to make those kinds of discriminations in a very difficult economic time like we are facing today.

Mr. President, clearly there is a convulsion going on, if I may use the term, in the way the Federal Government is going to do business in the future and the relationship between the Federal Government, State, and local governments. It is an extraordinary convulsion, one which has very positive overtones, and I think we should remember that the last time such a convulsion occurred within the Government's relationship to State, local, and private sectors followed a major convulsion within the society as a whole.

Here we are at least now trying to perceive and prevent such a societal convulsion by doing things that have to be done with respect to the Federal budget and the structure of the relationship between the Federal Government and other sectors of our society.

It is an extremely noble effort. It is one that I believe will be successful.

Mr. PROXMIRE. Mr. President, will the Senator yield so I may get my statement in the RECORD on that subcommittee?

Mr. SCHMITT. I am happy to yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, as the ranking minority member of the Labor-HHS-Education Subcommittee, I am pleased to support the subcommittee's portion of the bill. I believe the subcommittee has done a remarkable job in dealing with a most difficult situation, and I want to congratulate Chairman SCHMITT for his leadership. No one, of course, will be entirely happy with the final results. Nonetheless, I believe the distribution of the cuts recommended by the subcommittee and approved by the full committee represent a significant improvement over the recommendations of the administration.

At the same time, the total net reduction in budget authority recommended by the subcommittee is still fairly close to the totals sought by the administration. Under chapter VIII of title I, the bill recommends a net decrease in budget authority of $1.762 billion compared to a net decrease of $2.190 billion requested by the Reagan administration. This puts the Senate bill $428 million over the administration, but $839 million under the House. In addition, the bill provides for a cut of $100 million in pay-raise supplementals for agencies under the subcommittee's jurisdiction—$49 million from Federal funds and $51 million from various trust fund transfers.

When the cuts in the pay-raise supplementals are considered, the subcommittee's portion of the bill is $328 million over the administration's request. These totals are within the guidelines mandated by the Senate in the 1981 reconciliation instruction and the revised 1981 budget resolution.

I would have preferred a total package closer to the administration's recommendations. However, it is extremely difficult to cut programs midway in the year, especially when they affect millions of people as is the case with the programs of the Labor-HHS-Education Subcommittee. Moreover, I believe the subcommittee has done a much better job in distributing the cuts more equitably, compared to the administration's proposals.

The most difficult problem faced by the subcommittee was the administration's recommendation to cut most of the grant programs of the Department of Education by 25 percent for fiscal year 1981. While one may legitimately question whether these programs are effective, it is extremely difficult to achieve a cut of this magnitude in the middle of a fiscal year. The Senate bill would cut these programs by an average of only 14 percent. Moreover, the most essential programs under education for the handicapped are cut by less than 10 percent. The bill also restores funds for research training financed by the Na-

tional Institutes of Health and for nurse and other manpower training programs.

In order to offset these increases, the subcommittee cut deeper than the Reagan administration in other areas. For example, the requested supplemental appropriation under the Pell grant program was reduced by $270 million, thereby causing each grant to be reduced by $100. While reductions are always painful, I do not believe a reduction of $100 per student will have an appreciable effect on the ability of low-income students to continue their higher education.

The subcommittee also cut into bureaucratic overhead by slashing in half estimated fourth-quarter obligations for travel, consultants, furniture, equipment, and the like. Finally, the subcommittee cut back on programs of limited effectiveness including general grants to school districts under the equal educational opportunities program. There is evidence that those funds are not spent the way Congress intended.

While I support the overall thrust of the subcommittee's recommendations, I do have some reservations about some of the details. At a time when we are cutting aid to the elderly, to the handicapped, to the disabled, to the disadvantaged, and to the poor, it is difficult to understand why the Corporation for Public Broadcasting should escape without a cut. The administration recommended a rescission of $43 million in fiscal year 1982 and $52 million in fiscal year 1983. The House approved a rescission of $60 million in 1983. The Senate Appropriations Committee is recommending no rescission. I support public broadcasting. It plays a unique and vital role in our broadcasting system. But in a year of extreme budget stringency, no agency should be immune from cuts.

In addition, I believe the title I education program needs to be examined more carefully by the subcommittee. Despite the billions of dollars we have spent on the title I program over the years, it has had practically no effect in improving the skills of disadvantaged pupils beyond the improvements that occurred anyway in schools that did not receive title I aid. We could save an additional $415 million if the Senate were to approve the full Reagan rescission for title I. This would more than make up for the subcommittee's increases over the administration's requested funding level.

I also believe the subcommittee is going to have to take a harder look at the programs under the National Institutes of Health. The appropriations for NIH have exploded over the years, and while few would deny the benefits flowing from biomedical research, the Federal Government cannot finance everything in this area. In particular, I think we need to take a closer look at the Federal role in financing research training. The Director of NIH has acknowledged there is no hard evidence that our research training programs have actually increased the number of people choosing biomedical research careers.

Finally, Mr. President, I believe the subcommittee needs to take a more active role in halting the escalating costs under the guaranteed student loan program, especially if the administration's cost containment measures are not acted upon by the authorizing committees. The guaranteed student loan program provides costly subsidies to all college students who apply regardless of their financial need. I was disappointed that the subcommittee did not include the administration's cost-saving recommendations in the appropriations bill, although I can understand the feeling that we should give the authorizing committees a fair opportunity to consider them. At the same time, I believe the Appropriations Committee has a legitimate right to get a better handle on the guaranteed student loan program in order to curb future cost increases. If the authorizing committees fail to act, I believe the Appropriations Committee not only has the right, but the duty to bring a measure of fiscal sanity to this open-ended program.

Mr. President, with these reservations aside, I want to again compliment the Labor-HHS-Education Subcommittee and its chairman for an excellent job under very trying circumstances. Given the fiscal constraints imposed upon us, I believe the subcommittee has performed well in balancing the claims of those who are most in need against the equally compelling need to arrest the growth in Federal expenditures.

Mr. HATFIELD. Mr. President, the Appropriations Committee this year had another interesting phenomenon besides the task that was assigned to bring this bill to the floor, and that is that we had the phenomenon that a number of our new members, some 7 out of the number of 29 in the total committee, are freshman members, which is I think probably a historic first, but in addition to that large percentage of the full committee being freshman members, that is, who have not served on the Appropriations Committee in the past or in the Senate, we had Senator ANDREWS from North Dakota who had served on the House Appropriations Committee and therefore brought that kind of experience with him across the way, as well as colleagues Senator ABDNOR from South Dakota and Senator KASTEN from Wisconsin who had served in the House of Representatives.

But in addition to these new members of the committee who had been elected to the Senate for the first time and who were assigned to the Senate Appropriations Committee, Senator MATTINGLY of Georgia, Senator D'AMATO of New York, Senator RUDMAN of New Hampshire, and Senator SPECTER of Pennsylvania.

So it is very interesting to observe how quickly and how effectively these new Members assumed their duties and responsibilities under the most difficult circumstances.

I am going to yield in just a few minutes to one of the new Members, one of our freshmen Members, of the Senate who has already distinguished himself with his perception and his analytical mind, his great sense of humor and many other attributes to keep this a civil body, and I refer, of course, to the Senator from New Hampshire (Mr. RUDMAN), for some opening remarks. But I am going to ask that a quorum call be put in at this time in order to alert the leadership and other Members of the majority that one of our distinguished freshmen Senators is about to offer a maiden speech on the floor, serving as a representative of the Appropriations Committee and on the Defense Subcommittee and other subcommittees of that major committee of the Senate.

I am very proud of the marvelous and outstanding contribution made by all the members of the Appropriations Committee as we have sought to restructure ourselves and to apply a new sense of discipline, and Senator RUDMAN certainly has been one of those outstanding contributors to this effort.

So, Mr. President, at this time I am going to suggest the absence of a quorum and ask the Chair, as a courtesy, to offer the floor and to recognize the Senator from New Hampshire.

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

Mr. ROBERT C. BYRD. Mr. President, I do not say this certainly with any criticism of the distinguished Senator from Oregon, and I hope he will not take umbrage, but I hope the Chair will not feel instructed to recognize any particular Senator once a quorum call is called off. I think this should be the right of any Senator to seek recognition of the Chair, and I hope the chairman of the committee will support me in that.

Mr. HATFIELD. I support the minority leader. I indicated it as a courtesy rather than as an instruction.

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

Mr. HATFIELD. In requesting the Chair to recognize the Senator from New Hampshire it was in order to avoid any technical kind of violation of the rules and rights of any other Members of this body.

The PRESIDING OFFICER (Mr. WALLOP). It would, of course, take unanimous consent for such an allocation.

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

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

The Senator from New Hampshire.

Mr. RUDMAN. Mr. President, I wish to express my appreciation to the distinguished chairman of the Appropriations Committee for his kind remarks. Let me say to the Senator from Oregon that it is a pleasure working under his leadership.

Mr. President, it is with a sense of challenge tempered by grave concern that I rise to address my colleagues as we consider the fiscal year 1981 Defense supplemental appropriations bill. No task is more compelling, nor the consequences of failure more profound, than that of restoring our military posture to a level commensurate with our global responsibilities, and the threats we face. The international backdrop against which future strategic options must be

assessed grows ever more ominous, and the time for correcting present deficiencies ever more limited. History will not soon forgive a timid response to this summons to action, and may indeed impose costs on our security interests which are by any measure intolerable.

The steady growth of Soviet military power, and the willingness to employ that power in pursuit of political objectives, represents the most serious threat to global peace and stability since the 1930's. Moreover, the capacity of such power to influence local and regional change in a manner inimical to our security requirements, is rapidly becoming a dominant feature of international politics. Only a willful and sustained effort to arrest this dangerous trend can avert our relegation to the status of a second-rate power incapable of guaranteeing its most vital interests.

To recognize these perils and repeatedly commit ourselves to the maintenance of a viable military balance is insufficient. Strong rhetoric without the means to take decisive action is only hollow posturing, and will surely be so perceived by friend, foe and neutral alike.

As an initial step toward bolstering our military capabilities and enhancing overall force readiness, the Reagan administration has submitted the largest peacetime Defense budget in U.S. history. Furthermore, projected military spending over the next 5 years will approximate one-third of total Federal outlays. Given the challenges before us and the traumatic impact of recent world events, it is not surprising that, even in an era of fiscal retrenchment, there exists a public consensus supporting increased defense spending. I believe it is vital to the national security of this Nation that this consensus be maintained.

To assume that this consensus can be sustained indefinitely without changes in our military procurement practices is to indulge in fantasy. In a dynamic political environment such as our own, consensus is, by its very nature, fragile. The public has condemned waste and profligacy in the administration of once-popular social programs. This should alert us to what will be an even more vehement outcry against the defense sector if we fail to develop a rational, cost-effective approach to meeting our national security requirements. Can we insure that this consensus is something other than a fleeting phenomenon?

Nowhere is the gap between prudent strategic planning and force procurement policy more pronounced than in the services' seeming fascination with high-technology weaponry. Development of a sophisticated strategy to cope with a diverse threat environment does not necessarily require procurement of the most complex—and therefore most costly—weapons systems. In fact, such programs may only marginally satisfy—and in some cases actually undermine—our real security needs.

Sophisticated strategic planning determines the most appropriate application of military technology, within a realistic mix of forces; it should never be held captive to the mere existence of technology. If simple acquisition of ever more complex and less reliable systems, substitutes, for the well-defined strategic thinking which should guide their use, then our most grievous military setback will be largely self-inflicted. After all, how viable is a force structure obtained at the expense of reduced operational readiness and a bankrupt economy?

I fear that, in the absence of strong congressional oversight, such will be the fate awaiting our military forces, at a time when the margin for error, is becoming progressively small. Recent experience virtually compels such oversight. Promised advances in some technologies, coupled with attendant cost risks, are not necessarily compatible with sound strategy, nor within the realm of our industrial mobilization potential. Is it the product of prudent planning to devote exorbitant sums to acquire fewer systems, when conventional ammunition stocks are dangerously depleted?

Unfortunately, the prospects appear dim unless new military allocations are guided by coherent strategic thinking and prudent fiscal management. Strategy, in its most fundamental sense, means asking what roles the forces we procure should be expected to perform. Weapons acquisitions must be analyzed within a strategic context which reflects international realities and the most cost-effective use of scarce resources. Otherwise, the distribution of additional defense dollars risks rupturing the present consensus, perhaps irreparably.

It is a sad commentary that the kind of strategic thinking which should inform a national debate on military policy has been notably lacking at all levels of the Federal Government. Instead, management has become an end in itself. The results hardly justify the belief that incremental adjustments—or requests for additional apppropriations to cover rising unit costs—can save ill-conceived or poorly-managed programs. Testimony before the Defense Appropriations Subcommittee has consistently revealed that these truths are not given sufficient priority by those charged with formulating our national defense policy.

It makes little sense, for example, to procure expensive new systems and then underfund the operations and maintenance accounts from which they derive their support. Shortsighted investment and acquisition planning of this type is aggravated by chronic underestimates of inflation, incessant system design changes, and contractor ineptitude.

The inevitable cost-overruns, production backlogs, and deployment delays are further magnified by shortages of critical spare parts, with the result that highly touted weapons systems face obsolescence almost upon initial deployment. Moreover, it is sheer folly to pretend that such systems, once deployed, genuinely augment our deterrent strength when we cannot retain in sufficient numbers the specialized technical personnel to operate and service them. The cumulative adverse effect on force readiness is simply unacceptable. And yet we seem incapable of getting off this dangerous treadmill.

Beyond operational deficiencies themselves, one is left to ponder the extent of conceptual clarity in our force planning. Whatever the optimum performance characteristics of a given system, escalating costs alone may dictate that its procurement be kept to low levels. Against an adversary potentially capable of overwhelming such systems with masses of expendable, low-cost, precision-guided munitions (PGM's), a prudent strategy might instead counsel opting for greater numbers of less expensive—if theoretically less capable—systems.

Moreover, force structures designed for wars of attrition are suspect in an environment marked by technological innovation. In light of the continuing numerical imbalance we can anticipate in any such conflict, emphasis must be placed on those systems which support a strategy of maneuver.

In conclusion, Mr. President, we dare not shirk our obligation to seize this moment and restore coherence to our force planning and procurement. Not only will failure to do so risk shattering the domestic consensus of which I spoke, but our capacity to protect U.S. foreign policy interests may be degraded to a level which no infusion of defense funding can ever revive.

We stand at a strategic crossroads, and time is growing short. Our global and domestic commitments mandate nothing less than immediate and thoughtful action. Let no one challenge the undisputed fact that America's military forces are inadequate; let no one challenge the fact that the American people wish to strengthen our Nation's defenses; let no one challenge the fact that this Senate is devoted to increasing and strengthening our ability to defend ourselves. But finally, Mr. President, let no one challenge that the spending of dollars alone, the extraordinary emphasis on high technology, the failure to realistically evaluate the threats that we face and the surrender of our intellect to simplistic solutions will not lead to America's return as the preeminent military force in the world but, rather, to our continuing decline.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. THURMOND. Will the Senator yield?

Mr. BAKER. If I may speak briefly, I shall be glad to yield.

Mr. President, I thank the distinguished President pro tempore for permitting me to remark on the speech just presented on the Senator floor. I have to keep a commitment with the distinguished minority leader at another place, so I express my appreciation to the Senator from South Carolina.

Mr. President, not only has the Senate heard a speech of important proportions, a subject of extraordinary complexity, but we have also witnessed one of the rites of passage in the Senate, the maiden speech of a new Senator. I can recall a little more than 14 years ago when I made my first speech. I must tell the Senator from New Hampshire that the number of Senators on the floor now is far in excess of any who heard me make my first presentation. As a matter

of fact, as I recall there was nobody on the floor except me and the distinguished occupant of the chair, whose name I have now forgotten. [Laughter.]

It is only a testimonial, then, to the persuasiveness and succinctness of the presentation given by the Senator from New Hampshire that he has a respectable number of Senators here to hear his remarks.

May I say to him, as he knows, and perhaps more to those who read the RECORD, and even those in the galleries who witnessed the proceedings of the Senate, it is not the presence of Senators on the floor for a major address of this sort which is a measure of importance, but, rather, it is content, which will be studied by those who read the RECORD and commented upon no doubt by those who have a particular concern in the subject of this presentation.

I commend the distinguished Senator for his remarks, for their depth, perspective, their importance, their appropriateness to his first major address to the Senate of the United States. Even before the distinguished Senator from New Hampshire became a Senator from New Hampshire, when I had the opportunity to visit with him during his campaign I made a mental note to myself that here was a man who was destined to be a real contributor to the deliberations of the Senate. I believe his remarks today have amply justified that first impression, the conclusion that I reached and have now stated.

Mr. President, I congratulate the Senator from New Hampshire for a worthwhile and important address, and I congratulate him on having passed from a freshman Senator to a seasoned veteran of this distinguished body.

Mr. THURMOND. Will the Senator yield?

Mr. RUDMAN. I yield.

Mr. THURMOND. Mr. President, I take this opportunity to congratulate the distinguished Senator from New Hampshire upon his maiden speech. I have been here 27 years. During that period of time I have not heard a maiden speech that exhibited more knowledge on the subject or presented it in a more impressive fashion than the able Senator from New Hampshire has done on this occasion.

He has brought out the fact that this country is not prepared militarily. He has brought out the fact that the people of this country want it prepared militarily. He has brought out the fact that the threat is a serious threat to our freedom.

All of these are vital and important matters.

In his address he has highlighted other points of importance.

I just want to say to him that I hope every Member of this Senate will read this speech and that the public generally will read it as I feel it is a fine contribution to the RECORD of the Senate and will be helpful to the American people generally.

Again, I congratulate him on this excellent speech.

Mr. MOYNIHAN. Will the distinguished Senator from New Hampshire yield?

Mr. RUDMAN. I yield to the Senator from New York.

Mr. MOYNIHAN. Mr. President, I rise to join my distinguished friends, the majority leader and the President pro tempore, in congratulating the Senator from New Hampshire for his initial appearance, as it were, in the debates of the Senate, but I congratulate him far more for the subject matter he has chosen and the degree to which he manifestly has mastered that subject matter.

There is no greater wisdom possible at the moment when we have achieved, as former President Carter observed in New York just Sunday evening, a national consensus about the need to rebuild our military capacity. A time when we are going through painful reductions in domestic programs but increasing dramatically the level of defense spending. This is the moment to pay attention as to how we do it. The consensus can be lost if we do it badly.

There cannot be any question that our defense procurement policies have been lamentable and that it shows. There cannot be any question that a tendency to the most sophisticated technology is producing real questions about the readiness of our Armed Forces. Lastly, there cannot be any question about the extraordinary depletion of our conventional military stocks. We simply do not have the technology backed up for more than a 5- or 6-week world conflict.

Further, and I think the Senator from New Hampshire would agree—I would want to know if he does not because he is clearly someone who will be heard on this floor—the mobilization capacity of our economy is extraordinarily low. The kind of equipment which at the end of the depression enabled us to build a military force which in 4 years could fight and win a world war, after 40 years of nominal growth have half disappeared, and we even hear not wholly in jest the proposition that we might buy some battleships from abroad, some fighting ships from abroad.

These are issues that have to be engaged and should engage us now when the resources are available to make wise decisions.

I congratulate the Senator from New Hampshire on what he has said and say that I, for one, look forward to hearing from him again on these matters. I hope the committee of which he is a member will take his counsel as will the body as a whole.

Several Senators addressed the Chair.

Mr. STENNIS. Will the Senator yield?

Mr. RUDMAN. I yield.

Mr. STENNIS. Mr. President, I thank the Senator for yielding.

Mr. President, I know time is limited and the managers of the bill want to proceed. I want to highly commend the Senator from New Hampshire for the splendid attention he has given to many things since he arrived here in January, including our military force. I have noticed on the Committee on Appropriations several times where he showed a very fine knowledge and an overwhelming interest in this subject matter.

I consider him a valuable plus on the Appropriations Committee, particularly in this subcommittee.

I remember when I came here I heard an early speech of a so-called new Senator. One who had been here for several years was overheard saying to another who had been here, "Does he know what he is talking about?" And the answer came back, 'He usually does."

The Senator has gained the reputation rapidly that he usually knows what he is talking about. Hold to that and build on that.

I congratulate the Senator and look forward to further working with him.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I learned that the Senator from New Hampshire intended to make a concise and precise statement of his views on defense policy. I encouraged him to speak at this time because I think it is highly important that not only the Senate, but the country, listen to his statement.

He is saying as one of our new Senators on the Defense Appropriations Subcommittee that, having heard the testimony which has been presented on the supplemental this year, we want systems to achieve our goals, not just programs stating the goals.

We want an awareness of our economic problems, not just an awareness of those military goals. Above all, we want answers to questions, not just rhetoric about our needs.

Mr. President, I think that as he proceeds in his service on the Committee on Appropriations and in the Senate, he will render great service to the country if he pursues the philosophy he has just stated.

Mr. LEVIN. Mr. President, the speech of the Senator from New Hampshire (Mr. RUDMAN) is notable for a more important reason than it is his first speech, as important an occasion as that always is. It is notable because it is a great speech full of perceptive and discriminating analysis.

The war that some of us are declaring on waste in the Pentagon is not a war on the Pentagon but a war on waste, critical not only to a balanced budget and reduced inflation but, perhaps even more significantly, critical to maintaining a consensus for a strong defense, as so eloquently and forcefully argued by the Senator from New Hampshire.

In the months and years ahead, we will be pursuing the battle plan that he so clearly outlined and success will be sure and fast because he has added his keen intelligence to the fray.

Mr. HATFIELD. Mr. President, I have already commented briefly on the general qualifications and the skills of the Senator from New Hampshire as he has served on the Committee on Appropriations. This morning, I want to make one additional comment on the very succinct and cogent remarks he made.

I associate myself with the thesis he

established and the arguments supporting that thesis as well. I believe he has put his finger on one of the most fundamental of all political dilemmas. That is the tendency we have in this Government—I suppose partly because of our cultural values—to believe that if we throw enough money at a problem, whatever the problem may be, we have solved the problem, or that the dollars in themselves represent the end rather than merely a means to the end.

I recall, as I have said on the floor before, that this was one of the main arguments that was raised against the New Deal economic philosophy dealing with social problems. They were raised mostly by the Republican Party, that, somehow, the New Deal was guilty of waste, a lot of extravagant spending, because they were committed to the proposition that if you threw enough money at a social issue, it would be solved or go away.

I am fearful, Mr. President, that that same philosophy tends to prevail today in this Nation amongst people of all political parties, faiths, and persuasions, that if our defense problem is to be solved, questions dealing with national security can be solved by a pure matter of shoveling out dollars; that if we add $1.4 trillion to our defense program in the next 5 years to which we have committed ourselves, that is somehow going to purchase the security required.

Actually, we have great weaknesses and vulnerability today, not only in operation and maintenance, but all parts of construction; our readiness factor is dangerously low in some branches of our service; the reserve program is undernourished. So I think it is a wise statement that has been given to the Senate today by the Senator from New Hampshire, that we should contemplate just exactly how we are going to secure this goal of national security and look at the problem beyond the question of military might and military power that is made up of many components—the economic base, the productivity of our economy, inflation problems that we face, the overdependence upon imported energy. They are all components dealing with our total national security picture.

I compliment the Senator from New Hampshire for the great statement he has made today on the floor.

Mr. President, we are ready now; the bill is open for amendments.

VITIATION OF ORDER FOR AMENDMENT BY SENATOR PROXMIRE

Mr. BAKER. Mr. President, I have been advised by the distinguished Senator from Wisconsin (Mr. PROXMIRE) and the distinguished minority leader and other Senators that there is no longer a need for special recognition of the Senator from Wisconsin to offer an amendment relating to Syria. I have cleared this request with the minority leader.

I ask unanimous consent, Mr. President, that the order providing for the recognition of the Senator from Wisconsin to offer a Syria amendment and the 1-hour time limitation thereon be vitiated.

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

Mr. BAKER. I thank the Senators for permitting me to make this request.

UP AMENDMENT NO. 112

Mr. MOYNIHAN. 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 New York (Mr. MOYNIHAN) for himself and Mr. ROBERT C. BYRD, proposes an unprinted amendment numbered 112.

Mr. MOYNIHAN. 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, following line 20, add the following after $13,250,000:

On May 12, 1981, the President proposed precipitious and severe reductions in Social Security benefits for men and women currently approaching retirement age; and

These reductions constitute a breach of faith with those aging Americans who have contributed to the Social Security System and have planned for their retirement upon the promise of a specific level of Social Security income; and

Trust, confidence, and predictability are basic and essential qualities of the Social Security System; and

The President's proposal affects nearly every American who is employed, or has been employed, under Social Security; and

For many Americans, retirement at age 62 is not a "voluntary" choice because ill health, unemployment, obsolescent skills, and discrimination force many people into early retirement; and

Social Security is the only inflation-proof pension most Americans have to insure adequate retirement income; and

On May 5, 1981, the Majority in the Finance Committee, at the request of the administration, voted to repeal Title V-E of the Social Security Act, thereby abolishing the entitlement of orphan children to Federal aid in foster care, a provision of law for forty-six years; and

The President promised the American people that no budget savings would be made by reducing basic Social Security retirement benefits and that they would be preserved as part of the Nation's "safety net"; and

The President's proposals go far beyond the savings necessary to insure the future solvency of the Social Security System; and

Congress would never renege upon its commitment to the Nation's retirees by allowing the Social Security trust funds to become insolvent; it is the sense of the Congress that no change in the Social Security benefit structure shall be made which would precipitously and unfairly deny those men and women approaching retirement age Social Security benefits on which they have planned and to which they are entitled; and

That Congress will enact reforms necessary to ensure the long-term solvency of the Social Security System, but will not support modifications in benefits which exceed the amount necessary to achieve a financially sound system.

The PRESIDING OFFICER. Unless this is an amendment to the first committee amendment, it is not in order.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that we proceed in this manner. The distinguished manager of the bill indicated that the bill is open to amendment. That was our understanding.

The PRESIDING OFFICER. The bill is open to amendment to the first committee amendment.

Mr. MOYNIHAN. I ask unanimous consent that this amendment be to the first committee amendment.

Mr. HATFIELD. Reserving the right to object, Mr. President, let me take just a few seconds to outline the situation we are in.

The President initially offered a proposal for $14.3 billion of rescissions. The Budget Committee of the Senate, under admonition from the committee and again by a vote of the Senate, instructed the Committee on Appropriations to make a $1.3 billion rescission in budget authority and the House of Representatives, in concurrent action, took a $12.7 billion reduction. We ended up with about $15.3 billion through the action of the Committee on Appropriations.

Because of the economic assumptions that were reconfigured, let me say to the Senator from New York, when we went into our full markup—that is, the full committee markup on last Thursday—we went into that markup with a $600 million deficit in terms of meeting our goal in outlays.

That same evening, by the action of the conference committee on the budget between the House and the Senate, they reconfigured the economic assumptions that put the appropriations action at about $500 to $600 million in what we might call surplus. But it is not truly a surplus, because we still have to go to the conference with the House on this matter and work out those differences, which will, no doubt, raise the amount or level of spending in outlays that the Senate now has in this bill.

Therefore, Mr. President, we had to come to the floor yesterday—last night—and get a Budget Act waiver in order to take this bill up because we were at about $662 billion in the old ceiling, which has been raised in this package from $632 billion. That means that any amendment that seeks to add any expenditures to this or any outlay impact on this bill at this time would be out of order.

Then let me say that if we take a moment, a window in this action, and should adopt the conference report of the Budget Committee, which would be a privileged motion at any time, then we would be in the situation of a $662 billion ceiling that would have been adopted through that conference report action, which would then look as though we had the so-called $500 or $600 million surplus.

Mr. President, I shall make very clear, as I have before, that I am constrained to oppose any amendment that offers an additional outlay impact on this program, even after the adoption of the new ceiling, under the conference report, of the Committee on the Budget.

I do not know what this amendment proposes to do, but I shall have to make

a point of order if it is an amendment that adds to outlays in this bill at this time under the parliamentary situation that we are in—namely, that we have not yet adopted a new ceiling.

I shall even continue to resist any amendments in order to protect that cushion, so to speak, so that when we go to conference with the House, we shall still be able to come out of there, I hope, meeting our target.

I wanted to make this sort of preliminary explanation. Not knowing exactly what the Senator's amendment would do, I am sort of flying in the dark. At the same time, I had to outline the general procedure in which we find ourselves.

The PRESIDING OFFICER. The amendment has been keyed to the first committee amendment and is now in order.

Mr. MOYNIHAN. I thank the Chair for his courtesy in making that adjustment.

Mr. President, I assure the manager of the bill that this amendment does not in any way relate to the funds contained in this measure. This is a sense-of-the-Senate amendment, having to do with a matter which is of large concern to the Senators on this side of the aisle—and I believe equally on the other side—namely, the administration's proposed changes in the social security legislation.

Mr. HATFIELD. Mr. President, I appreciate the Senator's explanation. Knowing of his strong commitment as a member of the Budget Committee to hold things within the ceilings, I had to assume that it would not have an impact on our outlay part of this program. Therefore, I am awaiting with anxiety and with interest his offering of this sense-of-the-Senate resolution.

Mr. MOYNIHAN. Mr. President, I cannot but note the remark of the distinguished manager that he awaits this amendment with anxiety. I have to suggest that there are some 35 million Americans living on social security retirement benefits whose levels of anxiety have risen strikingly in just the last few weeks.

Mr. President, I will begin by expressing the substance of this amendment. It is brief enough to be read, and it is the unanimous view of a group of Democratic Senators who met yesterday to consider it.

The amendment states:

On May 12, 1981, the President proposed precipitous and severe reductions in Social Security benefits for men and women currently approaching retirement age; and

These reductions constitute a breach of faith with those aging Americans who have contributed to the Social Seccurity System and have planned for their retirement upon the promise of a specific level of Social Security income; and

Trust, confidence, and predictability are basic and essential qualities of the Social Security System; and

The President's proposal affects nearly every American who is employed, or has been employed, under Social Security; and

For many Americans, retirement at age 62 is not a "voluntary" choice because ill health, unemployment, obsolescent skills, and discrimination force many people into early retirement; and

Social Security is the only inflation-proof pension most Americans have to insure adequate retirement income; and

On May 5, 1981, the Majority in the Finance Committee, at the request of the administration, voted to repeal Title V-E of the Social Security Act, thereby abolishing the entitlement of orphan children to Federal aid in foster care, a provision of law for forty-six years; and

The President promised the American people that no budget savings would be made by reducing basic Social Security retirement benefits and that they would be preserved as part of the Nation's "safety net"; and

The President's proposals go far beyond the savings necessary to insure the future solvency of the Social Security System; and

Congress would never renege upon its commitment to the Nation's retirees by allowing the Social Security trust funds to become insolvent; it is the sense of the Congress that no change in the Social Security benefit structure shall be made which would precipitously and unfairly deny those men and women approaching retirement age Social Security benefits on which they have planned and to which they are entitled; and

That Congress will enact reforms necessary to ensure the long-term solvency of the Social Security System, but will not support modifications in benefits which exceed the amount necessary to achieve a financially sound system.

Mr. President, as the ranking minority member of the subcommittee of the Finance Committee that must deal with this legislation when finally it is proposed, it is hardly my view or, to my knowledge, the view of any other Member on this side of the aisle that the several social security funds are untroubled. They are solvent now, but expenditures are running ahead of expectations, and the receipts are running somewhat behind. Changes will have to be made. There is a range of possibilities as to what we will do, and it can and will be done.

That issue, the preservation of the integrity of this system, is not really the one before us today. We are dealing with a wholly different subject.

What we are dealing with is the collapse of the economic theory on which the administration based its tax proposals and to which it has adhered with ever-greater desperation as the months have gone by. The theory was that a major 3-year, one-third reduction in income taxes would have no consequence for revenues inasmuch as it would generate a level of economic activity that would return itself, as it were, in a reflow to the Treasury of taxes. This would come about from the increased activities that would result from the decreased taxes.

It was a marvelous theory: You reduce taxation by one-third and increase revenue in consequence. Alas, it was not correct. Few reputable economists endorsed it when it was proposed or—perhaps more conspicuously—since then. The money markets of the country, to which this administration understandably pays close attention, have said, "No, it won't work. It is inflationary. You will have deficits." The Laffer curve is no check. And the consensus has emerged within the administration—and clearly outside it—that the theory is wrong.

The simple proposition that by cutting taxes you can increase revenues has been abandoned. But with huge consequences for the country and the Congress and the social programs with which the Congress must deal.

This administration was not put in office by proposing great reductions in social programs. The President in a major speech in September of 1980, said that the fiscal year 1981 budget could be reduced about 2 percent, he thought, by squeezing out waste, fraud and abuse; he talked of continuing this process, until by fiscal 1985 there might be a 7 percent reduction. That is all he talked about.

As late as this April–May, the Republican National Committee was sending out a newsletter entitled "Senior Republicans," which I assume goes to the older Americans of the party. It had a headline reading "Reagan Economic Program: President Reagan Keeps Promise, Retirement Benefits Go Untouched."

The President had pledged that there would be no reduction in the retirement benefits, and he meant it. Let it be clear that no one is suggesting bad faith in the least here. What we are trying to do is to explain to the Republican Members of the Senate what has happened to them.

Mr. President, I ask unanimous consent to have printed in the RECORD this first page of Senior Republicans.

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

PRESIDENT REAGAN KEEPS PROMISE, RETIREMENT BENEFITS GO UNTOUCHED

The plan for budget reform presented by President Reagan to the Congress not only maintains social programs important to senior citizens at their present levels, but provides for an increase in spending for these services over the next four years.

In fact, the "social safety net" programs will command an increasingly large slice of the budget, moving from 36.6 percent of the 1981 budget to 40.6 percent of the 1984 budget.

The "social safety net" to which President Reagan refers is a concept formulated in 1930 under the New Deal. The net was designed to protect those citizens who need some form of federal assistance. The following programs will have the highest priority and will emerge virtually intact after the budget revisions:

[In billions of dollars]

Social insurance benefits for the elderly:	
1981	184.0
1982	209.2
1983	233.1
1984	256.3
Basic unemployment benefits:	
1981	20.3
1982	17.2
1983	15.2
1984	15.2
Cash benefits for dependent families, elderly, and disabled:	
1981	15.1
1982	15.1
1983	16.7
1984	16.0
Social obligation to veterans:	
1981	20.0
1982	22.1
1983	23.9
1984	25.5

Outlays for "social safety net":	
1981	239.4
1982	233.9
1983	288.9
1984	313.0
"Social safety net" as percent "target outlay ceiling":	
1981	36.6
1982	37.9
1983	39.4
1984	40.6

The fact that these social services will not be cut, however, does not refute the fact that that the federal budget is out of control. If the United States is to regain its economic vitality, spending cuts, along with across-the-board income tax cuts, must pass through Congress unscathed. The President has recommended that spending be reduced by $48.6 billion in order to achieve a balanced budget by 1984.

Past years of fiscal irresponsibility and wild spending must stop. Alternating inflation and stagnation can only be arrested if the federal government reduces its share of the nation's GNP. As of this reading the government claimed a full 12 percent of the GNP. The new Administration would like to halve that figure.

Inflation occurs when the government prints more dollars to finance its deficit spending. The alternative solution when faced with a deficit is to use existing resources in the banks. While this does not contribute to inflation, it chokes off private investment because the money ordinarily used for private loans is soaked up by public borrowing. Few would argue that the effects of inflation and stagnation are more humane than the budget cuts planned by the Reagan Administration.

Many budget cuts will come from attacking the enormous waste and inefficiency that is associated with the federal bureaucracy. President Reagan has vowed to rid the system of as much waste as his Administration can find.

Other cuts, it should be pointed out, are not cuts at all. They are indeed only a slowing down of the spiraling growth of many programs and services to a level that will make it possible for Americans to recover economically and to balance the federal budget.

Beyond this, however, the question of the day is where to cut the budget. How not to let the burden fall inordinately on the backs of those who need the federal assistance the most. The new Administration is not alone in answering these questions. Constructive suggestions have surfaced in the past few months.

The overwhelming evidence is that there is plenty of room to cut the budget without unjustly hurting the poor and elderly. In testimony before the Senate Budget Committee recently, Harvard professor Martin Feldstein stated that if only half of the domestic spending increases since 1971 could be erased, the budget could be trimmed by $70 billion.

President Reagan's message is clear. The U.S. economy cannot continue to be a vehicle of general prosperity if the federal budget is not reduced. But suffering on the part of the needy is by no means a part of the new President's plan.

The 97th Congress must heed the President's and the American people's call for a new beginning. Members of Congress should avoid trying to preserve individual pet programs in light of the grander picture—a healthy economy which will not only benefit seniors, but all American citizens.

Mr. MOYNIHAN. I thank the Chair for its courtesy.

Mr. President, this administration did not come to office intent upon dismantling the social security system. It did not come to office desirous of slashing social programs, education, health care, and transportation. It did not think there would be any need to.

It proposed to be a more efficient Government. It had no intention to add very much to Government. But it certainly did not intend to undo the arrangements of half a century, arrangements which a succession of Republican Presidents had not only accepted, but had indeed, expanded.

Yet it is undoing these arrangements. There is not a more dramatic example of this than the decision of the Committee on Finance in May, after only the most general hearings at which few appeared, to repeal, with scarcely any discussion, the entitlement of parentless children to have the Federal Government pay part of their maintenance costs in foster care.

This is not hyperbole. This is not political rhetoric. There are orphans in our society, and there was a provision made in the original Social Security Act of 1935 for children who have no parents and no income. They have from that time to this day been entitled as a matter of citizenship, to some support from the Federal Government.

At the administration's behest, the Finance Committee took this out of the social security system. We simply ripped that page out. Why did we do that? Did we do that because this administration is filled with people who like to see orphans put out on the streets? No.

There is more. The administration now proposes major changes in retirement benefits. It would, in effect, do away with so-called early retirement by making it financially impossible to retire at 62. I was a member of the administration that in 1962 brought about the change that has made it possible to retire at age 62 and collect social security benefits. For 19 years there have been persons in this country who have made their arrangements to retire at age 62, expecting to collect 80 percent of what would have been their full entitlement if they worked until age 65. This ratio was worked out actuarially so that workers would get no more money by retiring at age 62 than if they waited until age 65. The actuarial basis is that an 80-percent payment at age 62 evens out to 100-percent payment at age 65. This is now a right, an entitlement. Workers have planned for it 19 years. Suddenly, a week ago, the administration sent up the most startling proposal. On Tuesday, May 12, the administration unveiled a plan to cut early retirement benefits as of January 1 from that 80-percent entitlement to 55 percent. Over the expected lifetime of retirement, this would take 31 percent away from the person exercising the right to retire at 62.

That is as close to a contractual right as an American citizen has with his government. We agreed to social security. It has been part of our fabric for half a century, and here we are changing the most fundamental of understandings about it.

We are asked to change the disability provisions. To change welfare benefits. To change the benefit points. The administration proposes, in effect, to reduce the overall benefits by about 10 percent immediately and about 25 percent in very short order.

Mr. President, how has this come about? Is it because this Government wants to break an understanding with 35 million Americans who are now retired and another 2 million a year who come into the system? Because it wants to break an understanding with children? To force the incomes of welfare families down, as it will do, as we have already agreed to do in the Finance Committee? No. It is because they have understood that if they are going to keep to their extraordinary tax proposals they have to have extraordinary reductions in expenditures. They now know that the tax proposals will not return sufficient revenues. Therefore, if they are going to keep their tax proposals, they are going to have to get rid of the social security system as we know it. That is all.

Do not be surprised if we look up one day and one of those new battleships has disappeared as well. As long as they stick to that tax proposal they are going to have to make other mindless proposals, breaking commitments that were made with genuine conviction. We do not suppose that anyone in this administration really wanted to take away the entitlements of orphans. They did not. But they have done so.

We do not suppose that they want to make these changes which have caused a storm of protest, but they have had to do so. Why? A very simple reason. The established judgment of economists about the cost in revenues of a tax reduction of the kind proposed by the President has been confirmed by financial markets and confirmed by members of the administration itself. They know it will not work.

Mr. President, some time ago the Congressional Budget Office put out a background paper entitled "Understanding Fiscal Policy." It took econometric models devised by four eminent economic forecasters—Data Resources, Inc., DRI as it is called, the Wharton School, Chase Econometrics and Merrill Lynch—and made estimates of the impact of $10 billion step changes in fiscal policy in terms of the reflow of income and the range by the second year. The DRI model had the largest feedback, 34 percent, the Chase model the lowest, 20 percent. In other words, the most anyone supposes we will get back in the second year is a third. We are left with that huge gap in revenues.

Mr. President, in order that this be understood, I ask unanimous consent that this table be printed in the RECORD.

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

TABLE 3.—MAY 1980 IMPACTS OF $10 BILLION STEP CHANGES IN FISCAL POLICY ACCORDING TO 5 MACROECONOMIC MODELS

[In billions of dollars]

Quarter	DRI		WEFA quarterly		Chase		WEFA annual		Merrill Lynch	
	Tax	Spending	Tax	Spending	Tax	Spending	Tax	Spending	Tax	Spending
Federal surplus:										
1	−8.9	−5.9	−8.8	−6.4	−9.4	−8.9			−9.8	−9.8
2	−7.9	−5.2	−7.9	−6.1	−9.2	−8.1	−7.8	−3.8	−10.0	−10.7
3	−7.4	−4.6	−7.3	−5.8	−9.1	−7.2			−9.9	−11.1
4	−7.0	−4.0	−7.1	−5.6	−8.7	−7.2			−9.7	−10.9
5	−6.1	−3.1	−7.0	−5.3	−8.4	−7.0			−9.1	−11.2
6	−6.5	−3.6	−7.2	−5.4	−8.1	−7.0	−8.0	−5.2	−8.8	−11.0
7	−6.7	−3.8	−7.4	−5.6	−7.9	−6.9			−8.5	−11.3
8	−7.1	−4.4	−7.4	−5.8	−7.7	−6.8			−8.0	−11.6
9	−7.5	−4.8	−7.6	−6.1	−7.8	−6.9			−7.5	−11.1
10	−8.1	−5.4	−8.0	−6.5	−7.7	−6.8	−7.3	−4.4	−7.4	−11.4
11	−8.5	−5.9	−8.4	−6.9	−7.8	−6.9			−7.1	−11.5
12	−8.9	−6.2	−8.8	−7.2	−7.8	−6.8			−7.0	−11.9
13	−9.2	−6.6	−9.2	−7.5	−7.9	−6.8				
14	−9.5	−6.9	−8.9	−7.0	−7.8	−6.7	−6.1	−2.8		
15	−9.7	−7.1	−10.0	−7.8	−7.9	−6.8				
16	−9.7	−7.0	−10.4	−7.2	−8.0	−6.8				
17	−9.8	−7.0	−10.7	−7.8	−7.9	−6.8	−5.7	−2.8		
18	−9.9	−7.0	−10.8	−7.6	−7.9	−6.8				
19	−9.8	−6.8	−10.8	−7.2	−8.0	−6.8				
20	−9.7	−6.6	−10.6	−6.5	−8.1	−6.8				
			Deficit	Feedback		Deficit	Feedback		Deficit	Feedback
Year 1			7.8	2.2		7.8	2.2		9.1	0.9
Year 2			6.6	3.4		7.3	2.7		8.0	2.0

Mr. MOYNIHAN. I thank the Chair.

Mr. President, this is the origin of our present situation. The administration early on committed itself to a theory of taxation which it has now had to abandon, but it has not abandoned the tax proposals that are derived from the theory.

The theory of taxation was that there would be a large and sharp return, such that the cut in taxes would mean no cut in revenues. They now know this is not so, but rather than abandoning the tax proposal, they propose to reduce expenditures by devastating the social programs and promises of our country.

This May 12 proposal is not the last. It is just the latest. Week by week they have come up with proposals that have astounded their supporters and dismayed the citizens.

I do hope the Senate can find it possible to say right now we will not do this. Once it is understood the campaign rhetoric will be forgotten and forgiven. We do not mind that they made commitments that they could not keep. But we do mind if in consequence they wreck the social fabric that has been 50 years in the making.

I see the distinguished senior Senator from Florida here. No Member of this body is more learned in these matters than he, and I think he may wish to associate himself with this amendment. I hope he will speak to it.

The PRESIDING OFFICER (Mr. RUDMAN). The Senator from Florida.

Mr. CHILES. I certainly do. I thank the distinguished Senator from New York.

I do wish to associate myself with this important sense-of-the-Congress resolution. I want to compliment the Senator from New York for the attention he has given to this matter and his expertise and his feeling, because I think a lot of what we are talking about is a question of feeling. I think that is one of the things we are trying to speak to in this. So I certainly compliment him for his leadership in this.

SOCIAL SECURITY CUTS: TOO MUCH, TOO SOON

Mr. President, I rise in support of this important sense-of-the-Congress resolution which expresses our great concerns about the administration's proposals on social security. Yes, it is crucial that we act soon to restore the stability of this program which provides an economic base for some 36 million people and is the primary source of income for 66 percent of the elderly. But, such action should not be at the expense of reducing benefits too much, too soon, as proposed by the administration.

In February, I introduced a legislative package (S. 484) to solve the short- and long-term financial problems of social security. I offered my bill early in this new session of Congress to prod the Congress and the administration to act upon this crucial problem. The national debate has now begun.

I welcome the administration's entry into this debate on social security's future. There is general understanding that some changes are inevitable. We basically have three choices: Raise taxes, cut benefits, or adjust eligibility age in recognition of longer life. I chose to adjust the eligibility age, with 30 years to plan, as the least objectionable path. But I think the administration has cut way too deep, far too soon. People who have been planning to retire next year would have as little as 9 to 12 months to prepare for a reduced retirement income.

One of the administration's proposals would give persons retiring at age 62 only 55 percent of the age 65 full benefit instead of the current 80 percent. This will be crushing for those who have been planning for the last 10 years to retire next year at age 62. I have received numerous calls and letters from Floridians on this point. I am sure all of you have also heard from your constituents about what an abrupt jolt this would be to them, given the fact that many of these people do not have a choice when to retire; it is a medical reason or some other economic reason that is forcing them to have to make that decision.

People call and say, "I have been paying the maximum since 1939 and now you are going to tell me you are going to cut my rate to 55 percent," and when we look further into the administration's proposal we see that when you put in the other cuts it does not cut them merely to 55 percent, they will be cut lower than that. They will be taking a greater cut than that.

The administration has also proposed changing the benefit computation formula. The explanation is a detailed and technical one. What is important is that this change permanently reduces the amount of monthly benefit by 10 percent by 1987. This is a result of the administration's reduction in the replacement rate from the current average of 42 percent to 38 percent. This means that a retiree would receive only 38 percent of his or her 30-year average earnings instead of 42 percent. The replacement rate would drop 1½ percent a year until 1987 when it reaches the permanent reduction of 10 percent.

From just these two proposed changes, a person retiring at age 62 would receive approximately a 32-percent loss in current benefits. Someone retiring at age 62 in 1987 would lose at least 37 percent.

For those retiring at age 65 in 1982, a 1.5-percent loss would occur. This loss would climb to 6 percent in 1985 and to 10 percent for those retiring at age 65 in 1987 and after.

Again, these cuts would occur as early as next year. There are other alteratives for solving the financial problems which provide far more planning time for future retirees. For example, my bill proposes raising the retirement age to age 68 in the year 2012. This is also tough

medicine to swallow but I chose this route as the better of three alternatives because it would give future retirees some 30 years to prepare for their retirement. No current beneficiary or anyone near retirement would be affected by my plan.

Although I have serious qualms about some of the administration's proposals, I do welcome their recognition of the value of work to the older person. The administration's proposed elimination of the earnings limitation in 1986, as in my bill, would encourage people to continue working without any reduction in social security benefits. Many older workers tell me they want to continue. Just as many tell me they have to continue to supplement their retirement incomes. This step alone, however, does not provide any incentives to employers to retain older workers. That is why my bill includes a provision to eliminate payment of social security taxes for employers of workers age 65 and over, as well as for the worker.

I also support the administration's desire to reduce social security taxes. In fact, my bill provides decreases in the tax rate similar to the administration's between 1982 and 1990. But my tax cut is based on allowing general revenues to be used to support medicare hospital insurance (part A), while the administration's is based on reducing benefits twice as much as needed to stabilize the system. I do not believe that long-term social security reform should be part of the program to reduce spending and taxes; it should be dealt with as a separate issue, and designed so as to insure a financially sound system without increasing taxes.

Yes, I have supported many of the administration's budget cuts, but I strongly oppose cutting social security so much as a part of the budget balancing effort.

Mr. President, we are on the right track. We will secure the social security system. It has served our people well. But people need far more time to plan for their retirement than provided in the administration's proposal. We can do better.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. The Senator from New York would be happy to yield to his friend, the Senator from Arkansas.

Mr. PRYOR. I thank the distinguished Senator from New York for yielding to me, and I will just take a very few moments to applaud the distinguished Senator from New York (Mr. MOYNIHAN), the distinguished Senator from Florida (Mr. CHILES), the former chairman of the Select Committee on Aging and, of course, Senator ROBERT C. BYRD of West Virginia, and other sponsors who have brought this matter to the attention of the Senate at this time.

I applaud all of those individuals who made it a possibility for the Senate to consider this most timely resolution at this point.

I think it offers, Mr. President, a commonsense approach to a very emotional, complex, and volatile problem which we have in this country at this time, that of keeping the social security system sound, viable, trustworthy and certainly a system which will meet the demands of the millions of Americans who are planning their retirement around this particular program and the income that it will provide.

The names of the following Senators were added to the amendment (UP No. 112), introduced by Senator MOYNIHAN for himself and Senator ROBERT C. BYRD:

Senators Baucus, Bentsen, Biden, Boren, Bradley, Bumpers, Burdick, Cannon, Chiles, Cranston, DeConcini, Dixon, Dodd, Eagleton, Exon, Ford, Glenn, Hart, Heflin, Hollings, Huddleston, Inouye, Jackson, Johnston, Kennedy, Leahy, Levin, Matsunaga, Melcher, Mitchell, Nunn, Pell, Proxmire, Pryor, Randolph, Riegle, Sarbanes, Sasser, Stennis, Tsongas, and Williams.

Mr. MOYNIHAN. 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. MOYNIHAN. I thank the Chair.

Mr. PRYOR. I appreciate the Senator from New York adding me as a cosponsor.

Mr. President, on Monday of this week I chaired a hearing in northwestern Arkansas under the auspices of the Senate's Special Committee on Aging.

The town was Rogers, Ark. It is a small town in the middle of one of the fast-growing retirement areas of this country.

The PRESIDING OFFICER. The Chair wishes to advise that under the previous order, the hour of 11:30 having arrived, the Senate will now go into executive session to resume consideration of the Crowell nomination.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, I ask unanimous consent that the time be extended for consideration of this amendment for 2 minutes so that the Senator from Arkansas can complete his statement and then that we go into executive session.

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

Mr. PRYOR. Mr. President, I do appreciate that courtesy extended to me by the majority leader.

Mr. President, at the hearing in Rogers, Ark., that I chaired I had the privilege of hearing from literally hundreds of senior citizens who are affected by this proposal and by this issue. This timely discussion of proposed social security reforms and their effect on older workers was most beneficial and I hope the findings and the discussions in that hearing will be made available soon for the Senate to look at.

Mr. President, I feel, more than ever before, that if we adopt a program without the proper debate and without the proper consideration, as the distinguished Senator from New York has discussed, we would literally be sending shock waves through the elderly community in this country. I am very, very hopeful that the message that this resolution will impart to the rest of the country will be in keeping with what this Senate is going to do and the attitude that we are going to have with regard to the issue of social security.

I once again thank the distinguished Senator from New York for his courtesy for allowing me to cosponsor this resolution.

Mr. MOYNIHAN. Mr. President, I thank my friend from Arkansas for his lucid and compelling arguments.

EXECUTIVE SESSION

The PRESIDING OFFICER. The Senate will now go into executive session and resume consideration of the nomination of John B. Crowell, Jr., of Oregon, to be an Assistant Secretary of Agriculture. The clerk will state the nomination.

DEPARTMENT OF AGRICULTURE

The assistant legislative clerk read the nomination of John B. Crowell, Jr., of Oregon, to be an Assistant Secretary of Agriculture.

The Senate resumed consideration of the nomination.

The PRESIDING OFFICER. Time for debate on this nomination shall be limited to 30 minutes, to be equally divided and controlled by the Senator from North Carolina and the Senator from West Virginia. Who yields time?

Mr. ROBERT C. BYRD. Mr. President, I yield the time under my control to Mr. LEAHY.

Mr. BAKER. Mr. President, I yield control of the time under our jurisdiction to the Senator from North Carolina.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Vermont.

Mr. LEAHY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LEAHY. Mr. President, as I understand, because of the time change of 2 minutes, we will still go forward a full half hour; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. LEAHY. Mr. President, I have a unanimous-consent request to propound. The unanimous-consent request is this:

That we be allowed an up or down vote at 12 o'clock, or 12:02, prior to the confirmation vote, an up or down vote on a motion to recommit for 3 weeks to the Senate Agriculture Committee to allow us to hear testimony on the issues raised in the debate yesterday and that the matter then come back, if that vote is successful, that it would then come back to a vote on the floor on confirmation.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, reserving the right to object, I thank the distinguished Senator from Vermont for making his request at this point. He advised me in advance that he would make this request and I am grateful for that, as well.

I told him, in the course of those conversations, that it would be necessary for

me to object to that request on behalf of Senators. It is with reluctance that I do so, but I had advised the Senator from Vermont that it would be necessary for me to object and I do now object.

The PRESIDING OFFICER. The objection is heard.

Mr. LEAHY. Mr. President, the majority leader is absolutely correct. We discussed it before and he had so advised me. I am sure he understands that there are some who had hoped there might be a chance to have a vote on that procedural point and I did feel a duty then to raise this.

Mr. President, in today's New York Times, there is an editorial on the Crowell nomination that says:

> But surely the Senate can find some parliamentary device—perhaps by unanimous agreement—to send this nomination back to the Agriculture Committee for review and resolution of the new changes.

Mr. President, I ask unanimous consent that that editorial be printed in the RECORD.

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

LEGAL SMOKE OVER THE NATIONAL FORESTS

Today's vote on the nomination of John B. Crowell Jr. to be Assistant Secretary of Agriculture for Natural Resources and Environment puts the Senate in a difficult position. The nomination has been controversial from the start. Mr. Crowell has been a highly capable and aggressive general counsel for the Louisiana-Pacific Corporation, one of the nation's leading timber companies and the largest single buyer of timber from the national forests. In his new job, he would be in charge of those same forests.

There are those—and we are among them—who fear that Mr. Crowell would not bring the proper balance to forest activities; he might favor a reckless increase in timber cutting at the expense of protecting wildlife, water and wilderness. But barring manifest unfitness for service, President Reagan should be allowed great discretion in his appointments.

What's troubling in this case is new evidence, not fully explored by the Senate Agriculture Committee in its confirmation hearings last month, that raises questions about Mr. Crowell's awareness of illegal activities by a Louisiana-Pacific subsidiary. The subsidiary was recently found guilty of conspiring with a supposed competitor to fix prices and monopolize the timber industry in southeast Alaska.

Mr. Crowell was not called to testify in the case, and there is no firm evidence that he did anything wrong. But critics contend that recently released memorandums show that he was aware of some activities condemned in the case. Those activities include communications between the Louisiana-Pacific subsidiary and a supposedly competitive company concerning timber supplies and plans to use a smaller company as a front to qualify for Forest Service business that is reserved for small companies.

Mr. Crowell vigorously disputes the changes in a letter on this page. We do not know where the merits lie. But it is clearly important to resolve the issue, and the confirmation process is the sensible forum in which to accomplish that.

Unfortunately, today's vote is structured in yes-or-no terms. But surely the Senate can find some parliamentary device—perhaps by unanimous agreement—to send this nomination back to the Agriculture Committee for review and resolution of the new charges. The Reagan Administration's forest policies will raise enough doubt and opposition on environmental grounds. It is unfair to the public, and to Mr. Crowell, for that policy to be clouded by the smoke of unanswered legal questions.

Mr. LEAHY. Mr. President, I reserve the remainder of my time.

Mr. HELMS. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Neither side yielding time, time will run equally to both sides.

Mr. HELMS. That is suitable to the Senator from North Carolina.

Mr. BAKER. Mr. President, under those conditions, and while consultations are in progress, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. BAKER. On the same conditions, to be charged equally.

The PRESIDING OFFICER. Without objection the clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. 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. HELMS. Mr. President, shortly we will vote on the Crowell nomination. I think it may be worthwhile to summarize the issues which were addressed during the debate yesterday.

First of all, this nomination was reported out of the Agriculture Committee unanimously. Second, with all due respect to Senators who have raised subsequent questions, I have endeavored conscientiously and diligently to analyze the allegations made on this floor yesterday by the distinguished Senator from Massachusetts. I find not only that the allegations are without basis, but the tone of the allegations bothered me because they seemed to imply that Mr. Crowell is less than a worthy American.

Mr. Crowell is a fine American and I think he deserves better than to have specious, veiled innuendo directed his way. I remember the chart that was discussed here yesterday afternoon. I thought to myself at the time that not many Senators could fare all that well if charts were to be constructed with innuendo about their past careers and occurrences in their lives.

But be that as it may, Mr. President, Mr. Crowell was nominated by the President of the United States on February 12. Due to a very thorough FBI investigation and clearance process by the White House, confirmation hearings were delayed until March 31.

During his confirmation hearing, Mr. Crowell responded to a series of questions relating to the management policy for our agricultural and forest resources.

I recall, Mr. President, that the Senators who attended the confirmation hearing expressed confidence in Mr. Crowell and recommended unanimously that he be confirmed by the Senate.

It needs to be made a matter of record, notwithstanding any implications or innuendo by any Senator, that John Crowell has exhibited the highest degree of professionalism and honesty. Apart from the confirmation hearing, he has provided written answers to at least 69 questions from Senators on a variety of subjects that would bear on his qualifications as Assistant Secretary.

He has continued to exhibit the kind of qualities that we look for in a nomination for a post of this importance.

The only real opposition to the nomination of John Crowell has come from a very small but very vocal group of self-styled, so-called preservationists who object to the nomination on philosophical grounds. We may as well tell it like it is, Mr. President. Their objection is the genesis of all of the faux pas that we heard here yesterday.

I was apprehensive yesterday in that the reputation of a fine American would be sullied without justification.

What these self-styled, so-called preservationists specifically object to is the concept of multiple-use management for our national forests.

I do not question the sincerity of these people. I just say, Mr. President, that they are sincerely wrong. But they are absolutely wrong when, to achieve their point, they condone, if not promote, the sullying of the character of a fine man. That is when I draw the line.

I have had disagreements, Mr. President, with a number of nominees since I have been in this Senate, but I have never attacked one personally. I am not going to. That is the difference.

John Crowell is a strong advocate of balanced, multiple use management for our national forests, and I believe the majority of the American people hold this view. This same management concept has been continuously reaffirmed by succeeding Congresses since the establishment of the national forest system in 1897.

John Crowell silenced his critics during the confirmation hearing when he emphasized that, "The true conservationist, is one who advocates and practices protection from loss, avoidance of waste, and wise use."

He went on to state his concern that future generations have avaliable to them the same bountiful abundance generated from our forests and our farms, our soil and water, that we enjoy today. He promised not to advocate or pursue any course of action which would likely impoverish future generations.

Despite recent allegations that Mr. Crowell was knowledgeable of antitrust violations during his tenure as counsel for a major timber products company, his record remains unblemished, and it has been published in the RECORD. I put the information there, his repeated answers to repeated questions.

Several of my distinguished colleagues objected to the confirmation of Mr. Crowell on the ground that they wish to imply that he was somehow guilty of an antitrust violation.

The evidence does not support these claims, and I do not think the Senate ought to vote on an inferential suggestion or even a declaration by any Senator. If there are any facts in this case, let them be shown.

The Senator from Massachusetts did not produce any facts yesterday because he did not have any. He had a chart, and

then he wove a tapestry of innuendo. I think that is unworthy of a Senator.

I have placed, as I say, the responses by Mr. Crowell to these claims in the RECORD, but in detail, Mr. President, I want to mention several of the items that might be of interest to Senators.

The Alaskan case that has been discussed here is actually a series of five private antitrust suits. The plaintiffs claim damages for alleged violations of the antitrust laws by Ketchikan Pulp Co., a subsidiary of Louisiana Pacific Corp. Preparation for this trial required 5 years, during which time more than 90,000 company documents were examined for evidence. Mr. Crowell has stated that at no point in the case was he involved as a witness, nor was his deposition requested by either side during the 5 years of pretrial preparation. This in itself indicates that John Crowell was not involved in the alleged antitrust activities.

At the request of the plaintiffs, at least two investigations by the Antitrust Division of the Department of Justice have not resulted in indictments or civil actions. No criminal or civil actions have resulted from continued oversight of timber bidding patterns in southeast Alaska. In short, no plaintiff, agency, or court has ever even hinted that John Crowell has in any way been a party to any wrongdoing during his distinguished career. So what evidence do we have?

At the request of the senior Senator from Massachusetts, the Department of Agriculture reported all references to Mr. Crowell that were in the transcript and record of the case. This investigation found only four instances which mentioned John Crowell. Of the four references, only two memos remain as the basis for the attacks levied against Mr. Crowell yesterday, and again today.

The first is a memo to John Crowell from D. L. Murdey of Louisiana Pacific. This memo deals with the Alaska forest products industry's growing concern in 1973 and 1974 over the lower harvest level calculations and reduced timber sales program on the Tongass National Forest. John Crowell was representing the constitutional right of the industry to petition its government for redress of grievances.

Such activity is protected under the first amendment to the Constitution and is not subject to the antitrust laws under the Norr-Pennington doctrine.

The second memo is an interdepartmental communication to H. A. Merlo from John Crowell that was written in 1975. It also deals with the concern for lower harvest level calculations and a reduced timber sales program on the Tongass National Forest. As Mr. Crowell has said, the purpose of the memorandum was to give Mr. Merlo some background and advice for an anticipated meeting with Ed Head who was president and owner of Alaska Timber Corp. Mr. Head's company had been party to a complex series of contracts with Ketchikan Pulp Co. since 1972. The anticipated subject of the meeting was Alaska Timber Corp.'s desire to amend its contracts so as to satisfy the Small Business Administration that it was not controlled by Ketchikan Pulp Co. The memo concluded there would be no reason to amend the contracts, but that such an amendment might be considered at some point in the future when set-aside sales were triggered. This memorandum was not even deemed important enough by the plaintiffs in the case to introduce it as evidence.

Both of these memos and Mr. Crowell's alleged involvement in antitrust matters are covered in more detail in statements which I inserted yesterday in the RECORD.

With the exception of the preservationists, mentioned earlier, support for John Crowell for Assistant Secretary is unqualified. He has the solid backing of the entire forest products industry, both small and large companies. He is supported by numerous groups and individuals from all walks of life.

The Senator from Arkansas (Mr. BUMPERS) said yesterday that he opposed the nomination of John Crowell because of a difference of views over the small business timber set-aside program. However, Mr. Crowell has assured the committee and other Senators that he will remove himself from any decisions relating to the program. As a result, John Crowell has received the support of small business and lumber manufacturers nationwide.

As I mentioned earlier, the questions on the confirmation of John Crowell should be one of philosophy and policy—and of the qualifications of the candidate to serve as Assistant Secretary. A few of those opposed to Mr. Crowell, however, have improperly employed facts in a pending antitrust case to attack John Crowell's reputation. The facts do not exist to support their claims.

The bottom line is that John Crowell was in no way implicated in this litigation by any party. It is only Mr. KENNEDY and his allies that are attempting to impose sanctions on the floor of the Senate with evidence that a court of law refused to hear.

I strongly urge Senators to consider the facts of this case and to realize that we do not sit here as a trial court. to pass a verdict on the accused. Rather we are here to make a judgment on the unsurpassed qualifications of one individual, John B. Crowell, Jr. to serve as Assistant Secretary of Agriculture for Natural Resources and Environment.

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

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, the question here has been whether Mr. Crowell is being opposed on philosophical matters. Let us lay that to rest right away. That is not the issue here. The questions of philosophy were fully discussed in the Senate Agriculture Committee. That committee, made up of Republicans and Democrats across the political spectrum, voted unanimously for his confirmation. In fact, I did. I happen to disagree with him philosophically on a number of issues. I happen to feel that his philosophy is one that will ultimately do a great deal of harm to our national forests. But I feel that what he is doing is reflecting the philosophy of the Reagan administration and they have a right to have their philosophy reflected in the appointees. After all, it is a philosophy that they argued for during the campaign. They were elected. This nomination should not be held up simply on philosophical grounds.

Nobody who has argued on this matter has suggested that he not be consimply on philosophical grounds.

Those issues alone, the issues and positions on forestry matters, standing alone would not justify today's debate. What does justify today's debate, and with the issues that could be asked of the distinguished Senator from North Carolina, are the issues of anticompetitive behavior entered into by Mr. Crowell originally, and the potential for great conflicts of interest in the future. How can the answers to those issues come?

The distinguished Senator from South Carolina is correct in saying that the answers will not come right here in debate on the floor. But where they could come is in testimony under oath by Mr. Crowell and other witnesses, both pro and con, before the Senate Agriculture Committee. Otherwise we have a nomination that could well be misleading the Senate.

I think we must have that kind of testimony. That is why I made a unanimous-consent request earlier, which was objected to, to allow us to vote to recommit this matter. Not to vote on the confirmation now but to recommit it so that we could have that kind of testimony under oath.

The Reid Brothers case shows overwhelming anticompetitive patterns by KPC, as we discussed yesterday, the fact that John Crowell was counsel to the parent company, Louisiana-Pacific, and as counsel advised generally about Louisiana-Pacific and KPC in antitrust and other general corporate matters.

The record shows his knowledge of certain key events which were cited by the judge in a draft order. Documents that have arrived since then have reinforced this matter.

If John Crowell is confirmed, he will preside over a department of Government, the Forest Service, which will have the duty of reviewing and recommending action on the agreements between the Service, Louisiana-Pacific, and KPC.

Refusal is either naive or ineffective where the company involved is such a giant among the users of Federal timber.

The statement in Mr. Crowell's letter to the distinguished chairman of the Committee on Agriculture that he did not have the remotest involvement in affairs of KPC is not correct. He was counsel of the parent company and documents received so far indicate great involvement in KPC affairs, not only as Assistant Secretary, but as counsel to the parent. There is not one word in the Senate to explain these documents; and there will not be unless the matter is sent back for further testimony.

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

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, if the distinguished Senator from Vermont is amenable, I suggest the absence of a quorum, with the time to be charged equally.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Who yields time?

Mr. LEAHY. Mr. President, I yield to the distinguished Senator from Massachusetts.

Mr. KENNEDY. Mr. President, the Crowell nomination is extremely troubling for two separate and very distinct reasons.

I disagree profoundly with Mr. Crowell on his approach on environmental issues and I shall vote against him on that ground alone. But there is another issue in this nomination that should make every Member of this body reluctant to vote for the nomination. Extremely serious questions have been raised about Mr. Crowell's possible involvement in major antitrust violations arising out of the activities of his company in Alaska.

Those antitrust violations are described in detail in a Federal Court decision of last March.

In at least seven specific instances, it appears that Mr. Crowell was implicated in the violations.

Mr. President, yesterday, in the debate on the Crowell nomination, I joined my colleagues from Vermont, Arkansas, and Colorado in setting forth in the public record our detailed concerns about the fitness of this nominee for this office.

In Reid against Ketchikan, the Federal Court found "overwhelming" evidence of violations of the antitrust laws in sales of timber from the national forests of Alaska. Mr. Crowell was general counsel and chief antitrust adviser for Louisiana-Pacific, a giant of the timber industry which the court found was a co-conspirator in the case. The role of Mr. Crowell in these antitrust violations was not considered in the hearings on his nomination.

I take issue with those, Mr. President, who suggest that because he was not particularly named in the case, therefore, he had no responsibility for the actions and the antitrust violations. It is quite clear, when this case is examined, that there was an overwhelming violation of the antitrust laws. The plaintiffs had reached the requirement of showing of antitrust violations and the court so found. These violations were his responsibility—in spite of the fact that Mr. Crowell was the general counsel of the parent company.

Mr. President, despite requests by its members, the committee has refused to reopen it hearing to examine these issues. In a letter to the committee, Mr. Crowell states that he was not involved "in the remotest way with any of the occurrences, negotiations, or contracts" involved in the antitrust violations.

That statement cannot possibly be true, Mr. President. In at least seven specific instances documented so far, it is clear that Mr. Crowell was significantly involved in occurrences, negotiations and contracts found by the court to be violations of the antitrust laws. That evidence stands unrefuted. Yet the Senate today is being asked to vote on this dubious nomination on this dubious record.

The accompanying tables demonstrate Mr. Crowell's involvement in the antitrust violations. It is clear that Mr. Crowell was aware of and involved in collusive communications by the defendants in the case; one memo even indicates that Mr. Crowell was personally directing the activities of an employee of a separate defendant in the case. Mr. Crowell was aware of the defendant's refusal to compete. It is clear that Mr. Crowell was aware and involved in efforts of the defendants to eliminate competition in the timber industry in Alaska; another memo indicates that Mr. Crowell specifically recommended the use of fronts to keep competition out of Alaska.

Mr. President, I might mention at this point that I discussed at some length yesterday the memoranda themselves and their relationship to the antitrust case. These memoranda established Mr. Crowell's serious involvement in antitrust violations. To this day, those who support Mr. Crowell have been unable to place on those memoranda in any other connotation than the connotation which I think is rather clear and compelling. They show that Mr. Crowell was involved in these decisions, involved in the legal actions which, I think, were certainly violations of the antitrust laws. They can say, well, these memoranda are just interesting memoranda, but they mention Mr. Crowell and they show his involvement. They cannot escape it.

Yesterday, when I challenged the proponents of Mr. Crowell, on the floor of the U.S. Senate, all I heard was silence. They have yet to explain away those memoranda. That was information that came out after the committee hearing.

The committee has yet to bring Mr. Crowell in and swear him to testify. Still he is going to be charged with the administration of the Forest Service, with all the implications that has in preserving the forest industry resources of this country and all the implications it has in terms of competition.

Mr. President, those who support this nomination have been unable or unwilling to give a response to these and other facts that directly implicate Mr. Crowell in the antitrust conspiracy.

I believe that the Senate has a duty, before giving its advice and consent to this nomination, to conduct a thorough investigation of Mr. Crowell's role in these antitrust violations. Until that investigation has been completed, I believe the nomination should not be approved by the Senate.

I ask unanimous consent that materials summarizing my concerns—including two tables—be printed in the RECORD.

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

CROWELL NOMINATION

Louisiana Pacific (Crowell)
50 percent ownership

Defendants

Ketchikan (Murday & Finney) Alaska Lumber (Kramer & Theno)

Control

Alaska Timber

COURT DECISION (REID V. KETCHIKAN)

Ketchikan and Alaska Lumber violated antitrust laws (Murphy named).

Louisiana Pacific was a coconspirator (no one named).

Crowell implicated in antitrust violations in seven separate instances.

SUMMARY OF SPECIFIC ANTITRUST ISSUES RELATING TO CROWELL NOMINATION

COLLUSIVE COMMUNICATIONS

Key facts: Court cited business conversation between Murdey and Crowell about "log supply".

Crowell connection: 1. May 2, 1973 memo tells Crowell of conversations between Ketchikan and Alaska Lumber on log supply.

2. Same memo tells Crowell that Murdey of Ketchikan and Kramer of Alaska Lumber take turns attending trade association meetings.

3. Same memo indicates Kramer of Alaska Lumber is acting under Crowell's direction.

REFUSAL TO COMPETE

Key facts: In 116 sales over 10 years, Ketchikian and Alaskan Lumber only bid against each other 3 times.

Crowell connection: 4. Crowell admits he is aware of this pattern of noncompetitive bidding.

ELIMINATION OF COMPETITION

Key facts: Ketchikan controlled Alaska Timber by contractual arrangements. Ketchikan refused to sell logs to Schnabel Lumber.

Crowell connection: 5. Crowell admits "administering" contracts which controlled Alaska Timber.

6. Crowell admits involvement in the Schnabel negotiations.

USE OF FRONTS TO STOP COMPETITORS

Key facts: Court cited use of fronts to block competitors such as plywood companies.

Crowell connection: 7. April 14, 1975 memo from Crowell to Merlo suggesting that Alaska Timber.

6. Crowell admits involvement in the Schnabel negotiations.

The PRESIDING OFFICER. All time under the control of the Senator from Vermont has expired. The Senator from Idaho.

Mr. KENNEDY. Have the yeas and nays been ordered, Mr. President?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. KENNEDY. 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. SYMMS. Mr. President, I just say in closing this debate that we have heard the comments of the distinguished Senators from Vermont and Massachusetts. They have not yet laid a glove on Mr. Crowell as far as anything that is signifi-

cant. His name was never even on a deposition in this entire case. It is purely and simply a matter, and I respect their judgment, that they disagree with his attitude toward resource management. But to impugn his motives, I think, is not proper for this body.

Not only is it not proper, Mr. President, John Crowell is a very outstanding, good American, honest, and will do great service for this country and the Forest Service.

Mr. President, I think Senator HELMS put this in the RECORD yesterday. The Senator from Massachusetts mentioned the Schnabel Lumber Co.'s having problems with this so-called antitrust suit that has been mentioned. Here is a letter from John Schnabel, president of the Schnabel Lumber Co. He says:

DEAR SENATOR HELMS: A strong antidote—John B. Crowell, Jr.—is needed to heal the misery handed the economy of Alaska's Forest Industry during the Rupert-Cutler years.

As a member of the small business forest community, I strongly support confirmation of Mr. Crowell, if during the hearings he will pledge his support of the Small Business Act and its application in Alaska.

Yours sincerely,

JOHN J. SCHNABEL,
President.

He has done so.

As I made the point yesterday, the judge in the case that today has been heralded and passed around the Chamber made the point that she could not remember even one document in which John Crowell was involved. He was never called to testify. He never had his records examined. He never had a deposition filed in the case.

He is highly qualified for the post in which President Reagan has nominated him to serve, and I ask my colleagues to support the confirmation of his nomination.

I yield back the remainder of my time.

Mr. THURMOND. Mr. President, today, I rise in support of the nomination of John B. Crowell to be Assistant Secretary of Agriculture for Natural Resources and Environment. I believe Mr. Crowell to be highly qualified and knowledgeable about matters relating to the environment and natural resources of our Nation.

Mr. President, a number of Senators have raised questions regarding the fitness of Mr. Crowell to serve in this post. These questions arise out of allegations concerning his role in, and knowledge of, possible anticompetitive practices on the part of his former employer, Ketchikan Pulp Co.—a subsidiary of Louisiana-Pacific Corp. Although these questions were not raised during committee consideration of Mr. Crowell's nomination, I feel he has provided for the RECORD an explanation of his involvement in this matter sufficient to lay to rest these allegations.

Mr. President, from the information made available to my office, it appears that Mr. Crowell's involvement in the Alaskan antitrust cases was limited to approving selection of defense counsel for the Ketchikan Pulp Co., receiving status reports from the defense counsel, and assisting the defense counsel in developing trial tactics and strategy. He was never called as a witness in the case, nor deposed by either side prior to the trial.

Mr. President, I do not believe the involvement of Mr. Crowell as an attorney peripherally connected with the defense of one of the parties in this particular court case is sufficient reason to bar his serving in the capacity for which he has been nominated. He has an outstanding background that suggests he would perform ably in the position for which President Reagan has selected him. Accordingly, I sincerely hope my colleagues will join me in supporting the nomination of Mr. Crowell to be Assistant Secretary of Agriculture for Natural Resources and Environment.

Mr. DIXON. Mr. President, today I intend to vote in favor of confirming Mr. John Crowell as Assistant Secretary of Agriculture for Natural Resources. It is a difficult vote.

As I approached the confirmation hearing on Mr. Crowell held in the Agriculture Committee, I was concerned about whether, if he were confirmed, he would be able to divorce himself adequately from the interests and positions he has advocated in the past as general counsel to one of the forestry industry's most prominent corporations.

Clearly, it is necessary for an Assistant Secretary of Agriculture to make decisions based on the consideration of diverse, rather than limited, points of view.

Based on that testimony, I concluded Mr. Crowell was a man of intelligence and integrity. He assured the committee he intended to serve the broad public interest in administering lands of the Forest Service, and that he intended to meet regularly with representatives of groups with whose viewpoints he has disagreed in the past.

Now, I expect he intends to keep those promises, and I know they will be carefully monitored.

Between that time and now, the information that has come forth regarding the collusive practices of a subsidiary firm of Mr. Crowell's employer has served, at the very least, to cloud the integrity aspect of this matter.

The fact that Mr. Crowell found it necessary to file an amended financial disclosure statement after the hearings leaves me with a sense of unease.

Mr. President, the primary conclusion I have reached from all this is that the public would be best served if this nomination could be returned to the Agriculture Committee for further consideration. The reality of the thing, however, is that it will not be.

Since that is the case, I must say, at this juncture, despite the questions that have been raised, it has not been clearly demonstrated that Mr. Crowell himself was involved in the antitrust actions of Ketchikan Pulp and Alaska Lumber and Pulp.

I have always felt that the President should be allowed wide latitude in his administrative appointments. This nomination tests that conviction. I will vote to confirm Mr. Crowell, with serious reservations.

Mr. ROTH. Mr. President, today we are faced with the nomination of John B. Crowell, Jr. to be Assistant Secretary of Agriculture for Natural Resources. It is of utmost importance that we insure this position is filled with the most qualified, experienced and even-handed of professionals, because this Administrator has the crucial task of managing and caring for one of our greatest resources, our national forests. As the leading Republican cosponsor of the Alaska lands bill, and more specifically the Southeast amendment to that bill, I have a particularly keen interest in this nomination.

The Southeast amendment was primarily directed at insuring protection, and well-balanced harvesting for the Tongass National Forest, the largest and perhaps most pristine of all America's national forests. Our amendment made every effort to rigorously evaluate past conflicts in the Tongass, and was designed to address the area with a balanced and fair approach. However, this approach was somewhat altered during the course of negotiations and several features of the final legislation need be highlighted due to the possible detrimental consequences that could occur under management representing unsympathetic philosophies and policies.

First a direct pipeline was set up from the Treasury to the Tongass. It does this by mandating an annual entitlement of at least $40 million which bypasses the appropriations process and is not subject to deferral or recession by the President. Second it waives a provision of the National Forest Management Act of 1976 dealing with the statutory timber supply goal of 450 million-board-feet annually regardless of cost or demand. Third, it requires the Secretary of Agriculture to prepare a study of opportunities "to increase timber yields on national forests in Alaska."

It is my grave concern that the intention of the Alaska lands bill may be overlooked and detrimental interpretations of the language may occur in the form of ravage development of the Tongass, rather than orderly, environmentally sound harvesting.

There is no doubt that we can indeed maintain a strong timber related industry while insuring that cut levels take into account proper conservation practices, and the delicate balance of the many competing interests not be disrupted. Given the significant responsibilities of this role, in administering our National Forest System, it is critical that the soon-to-be Assistant Secretary be made aware of the deep concerns of many Members of Congress that the development of forests and other wild lands be done carefully with adequate resource protection measures. As Mr. Crowell takes over this position I strongly urge him to consider in every management decision the interests of all Americans including future generations to come.

Mr. CRANSTON. Mr. President, I want to take a few moments to address the Senate on the nomination of John B. Crowell, Jr., to be Assistant Secretary of Agriculture for Natural Resources and Environment.

The Assistant Secretary of Agriculture for Natural Resources and Environment,

as my colleagues know, is responsible for decisions affecting the U.S. Forest Service and our national forest lands. These lands contain important commercial commodities—timber, minerals, oil and natural gas—as well as scenic and natural values which make our forests enormously popular for fishing, hiking, camping and other forms of recreation. The Assistant Secretary of Agriculture for Natural Resources and Environment is called upon to balance these often competing uses of our forests.

Mr. President, questions have been raised about Mr. Crowell's suitability for this particular job in Government. He has spent his entire professional career as an attorney for large timber companies that purchase a great deal of timber from the national forests. In this capacity, Mr. Crowell has spoken against wilderness and wild river designations. He has opposed restrictions on the size of clear cuts and requirements for streamzone protection. He has opposed prohibitions on the use of dangerous herbicides and slash burning. And he has even opposed the small timber set-aside program designed to assure the survival of small timber companies.

Of course, Mr. Crowell's personal opinions may be totally different than the views and policies his profession has required him to espouse. But it is unreasonable to think that a person whose career has been devoted to convincing others of the reasonableness and logic of a viewpoint on the environment would not himself come to view that position as reasonable and logical.

Because of his views, environmental organizations like the Wilderness Society, the Sierra Club, the National Wildlife Federation, and the Natural Resources Defense Council have expressed serious reservation about Mr. Crowell's nomination. And I fully appreciate their concerns.

At the same time. I recognize that all nominees bring to their jobs in Government backgrounds and affiliations that color their views and could affect their decisions in public service. It is my hope that if confirmed as Assistant Secretary of Agriculture for Natural Resources and Environment, Mr. Crowell would take a fresh look at forest issues, especially the need to provide a balance between wilderness and other surface values of our national forest lands, and represent all segments of the public—not just be an advocate of the industry viewpoint.

But there is something else in Mr. Crowell's background which I find troubling—and which confirms my decision not vote for him.

Since the Senate Agriculture Committee approved the nomination of John Crowell be Assistant Secretary of Agriculture for Natural Resources and Environment on a voice vote April 1, new information has come to light about the relationship between Mr. Crowell and the Ketchikan Pulp Co., which a U.S. District Court on April 3 found guilty of monopolistic, anticompetitive and collusive bidding practices. Recently released documents raise very serious questions about Mr. Crowell's awareness of, and participation in, decisions for Ketchikan Pulp Co. to exercise control over and manipulate Anette Timber Co. so as to eliminate competition. I believe that the Senate Agriculture Committee should hold additional hearings to look into these allegations before the Senate votes on the nomination. I believe that Mr. Crowell should have the opportunity to eliminate—if he can—the clouds which now hang over his nomination and reputation. In the absence of clearing the record, I doubt that Mr. Crowell can serve the President, this administration, or the country effectively.

I am also concerned over the fact that in his financial disclosure statement, Mr. Crowell failed to list his position as assistant secretary of the Ketchikan Pulp Co. and other Louisiana Pacific subsidiaries. I understand, however, that Mr. Crowell has asked to amend his disclosure statement as well as his recusal statement.

Mr. President, given the public controversy which now surrounds this appointment and the seriousness of the charges, I believe the Senate should delay a confirmation vote on John Crowell until all the facts are available and the serious questions have been answered. In the absence of that, I cannot vote to confirm Mr. Crowell.

● Mr. PACKWOOD. Mr. President, a certain amount of controversy surrounds President Reagan's nomination of John B. Crowell, Jr., to be Assistant Secretary of Agriculture for Natural Resources and Environment. Opponents of Mr. Crowell have questioned his fairness and honesty.

Concerning fairness, opponents of Mr. Crowell charge that he will be biased because he has been the attorney for a large forest products company. It is my feeling that a prospective nominee should not be praised or damned simply because of past employment.

The real question is, can the nominee do a fair and competent job in the post for which he is proposed? I voted for several nominees proposed by President Carter for positions involving land use management whose backgrounds were employment by environmental organizations. At the time of their confirmation by the Senate, many people in those industries which utilize natural resources said the nominees were biased against them because of their past employment. I did not buy the argument then and I voted for those people. It seems to me the same standard should be applied to Mr. Crowell.

Concerning honesty, opponents of Mr. Crowell have presented documents purportedly showing that he was involved in circumstances which have led to an antitrust judgment by a U.S. District Court in Seattle, Wash. I have reviewed these documents and found them wanting. In no way do they demonstrate that Mr. Crowell played a role in the events that led to the antitrust judgment; in no way do they prove that he is unfit to do the job for which he has been nominated.

Despite his record of opposition to the small business timber set-aside program while a timber industry attorney, Mr. Crowell is strongly supported by the forest products industries of Oregon. They have come to me to express their judgment that he is fair and honest. For me, this opinion is far more significant than any of the arguments put forth by Mr. Crowell's opponents.

Mr. President, John Crowell is a capable man with an outstanding legal and natural resources background. I think the Senate Agriculture Committee recognized this when it voted unanimously to report his nomination. I will vote to confirm him.●

● Mr. MOYNIHAN. Mr. President, I regret that I find it necessary to vote against the nomination of Mr. John Crowell to be an Assistant Secretary of Agriculture. The events of the past week during which unresolved questions have been raised about his employment with several timber companies leave me no choice. My own preference would be to send his nomination back to the Senate Agriculture Committee where these questions could be resolved quickly. Surely it is in everyone's best interest to resolve these questions before and not after the Senate votes on this nomination.

The existence of an unanimous consent agreement is being used to preclude sending this nomination back to committee. This is wrong. For this reason, I must oppose this nomination. I ask that an editorial from this morning's New York Times be printed in the RECORD.

The editorial follows:

LEGAL SMOKE OVER THE NATIONAL FORESTS

Today's vote on the nomination of John B. Crowell Jr. to be Assistant Secretary of Agriculture for Natural Resources and Environment puts the Senate in a difficult position. The nomination has been controversial from the start. Mr. Crowell has been a highly capable and aggressive general counsel for the Louisiana-Pacific Corporation, one of the nation's leading timber companies and the largest single buyer of timber from the national forests. In his new job, he would be in charge of those same forests.

There are those—and we are among them—who fear that Mr. Crowell would not bring the proper balance to forest activities; he might favor a reckless increase in timber cutting at the expense of protecting wildlife, water and wilderness. But barring manifest unfitness for service, President Reagan should be allowed great discretion in his appointments.

What's troubling in this case is new evidence, not fully explored by the Senate Agriculture Committee in its confirmation hearings last month, that raises questions about Mr. Crowell's awarenes of illegal activities by a Louisiana-Pacific subsidiary. The subsidiary was recently found guilty of conspiring with a supposed competitor to fix prices and monopolize the timber industry in southeast Alaska.

Mr. Crowell was not called to testify in the case, and there is no firm evidence that he did anything wrong. But critics contend that recently released memorandums show that he was aware of some activities condemned in the case. Those activities include communications between the Louisiana-Pacific subsidiary and a supposedly competitive company concerning timber supplies, and plans to use a smaller company as a front to qualify for Forest Service business that is reserved for small companies.

Mr. Crowell vigorously disputes the charges in a letter on this page. We do not know where the merits lie. But it is clearly important to resolve the issue, and the confirma-

tion process is the sensible forum in which to accomplish that.

Unfortunately, today's vote is structured in yes-or-no terms. But surely the Senate can find some parliamentary device—perhaps by unanimous agreement—to send this nomination back to the Agriculture Committee for review and resolution of the new charges. The Reagan Administration's forest policies will raise enough doubt and opposition on environmental grounds. It is unfair to the public, and to Mr. Crowell, for that policy to be clouded by the smoke of unanswered legal questions.●

● Mr. GLENN. Mr. President, in casting my vote today against the confirmation of Mr. John Crowell to be Assistant Secretary of Agriculture for Natural Resources and Environment, I cast no aspersions at the nominee. I do not doubt that he is a competent and loyal American.

My vote might well have been different had there been an opportunity provided for Members of the Senate to question Mr. Crowell and obtain sworn answers in a public hearing to questions that have arisen subsequent to his approval by the Committee on Agriculture. Absent further hearing on the public record to investigate the allegations against Mr. Crowell, I am compelled to oppose the nomination.

On March 31, 1981, the Agriculture, Nutrition and Forestry Committee held brief oversight hearings on Mr. Crowell's nomination. One day later the committee reported Mr. Crowell en bloc with two other nominees, on a voice vote, and with the minimum number of Senators present to constitute a quorum.

Since then allegations have arisen regarding Mr. Crowell's involvement in and knowledge of serious antitrust violations by Ketchikan Pulp Co. Mr. Crowell denies any involvement in the illegal activities which a U.S. District Court has found Ketchikan involved in. However, documents have been found which suggest an awareness on his part of these practices

In considering previous administration nominees I have made my beliefs known that the new President should be given latitude to assemble his own team subject only to the constraints that nominees be knowledgeable about the area which they will administer and be men or women of integrity. However, the credibility of Mr. Crowell's denial of involvement in the illegal action of Ketchikan has now been called into question.

Mr. President, when the new information regarding Mr. Crowell was made known, Mr. LEAHY, a member of the Agriculture Committee, requested that Mr. Crowell be called before the committee to testify under oath as to his participation in these events. Surprisingly, that request was refused.

I regret that Mr. Crowell's nomination was not reopened by the committee. The important role of the Senate in fulfilling its responsibility to advise and consent would have been better served if the questions which have come to the front following the recent U.S. District Court ruling involving antitrust charges brought against a subsidiary of his employer has been thoroughly aired by the committee. Because they were not, Senators cannot judge conclusively whether or to what degree Mr. Crowell was involved in or knowledgeable about the activities of the Ketchikan Pulp Co. in Alaska.

Mr. LEVIN. Mr. President, I commend my colleagues from Vermont and Massachusetts for their diligence in bringing this matter before the Senate.

I am surprised that we are now considering this nomination. I would have hoped that the Agriculture Committee would want to reopen its record because so much information has come to light since they held hearings on this nomination.

I would think that the administration would want to reopen the hearings to give the nominee an opportunity to respond to the many questions that have been raised since the Agriculture Committee approved his nomination. And I would think that Mr. Crowell should want to be afforded an opportunity to clear up the controversy surrounding his nomination.

Because of the importance of the position to which he aspires and the seriousness of the legal difficulties of two companies with which Mr. Crowell has been closely associated, it is imperative that any hint of wrongdoing be explored and excised before the Senate vote to confirm his nomination. Given the seriousness of the legal difficulties of two comout since the Agriculture Committee considered Mr. Crowell's nomination, I believe there should be additional hearings before we vote on Mr. Crowell. In the absence of such hearings, I must vote against his confirmation.

CROWELL NOMINATION—TAKE ANOTHER LOOK

● Mr. PELL. Mr. President, I am deeply troubled by the recent facts that have come to light about Mr. John B. Crowell, Jr., the nominee to be Assistant Secretary of Natural Resources and the Environment at the Department of Agriculture.

I understand that these details of his involvement in the actions of companies convicted of conspiracy to monopolize Alaska's timber industry were not available to the Agriculture, Nutrition, and Forestry Committee when his nomination was considered and sent to the Senate.

The committee held a hearing on Mr. Crowell's nomination on March 31, 1981 and, on the following day, reported his nomination to the Senate.

At that time, the committee did not have the benefit of facts brought to light by the recent conviction of a wholly-owned Louisiana Pacific subsidiary, Ketchikan Pulp Co. (KPC), and the Alaska Lumber and Pulp Co. (ALP) for serious violations of antitrust laws

The court found both companies guilty of conspiracy "to restrain trade and to monopolize the timber industry in Southeast Alaska." The court also found that these companies used the advantage of a Forest Service-guaranteed timber supply in "concerted and combined efforts to control the Alaska timber market, to eliminate competition and to maintain and exercise monopoly power."

It is particularly important to note that the court listed both Georgia Pacific and Louisiana Pacific as among the co-conspirators and found that "KPC, together with its executives and employees, was a member of the conspiracy".

Mr. Crowell, the former general counsel for Louisiana Pacific, has claimed that his role was "ministerial," simply that of any attorney advising his clients. Documents, such as those recently secured by my colleagues, Senators LEAHY and KENNEDY, however raise serious questions about Mr. Crowell's role.

Unless and until these questions are resolved and Mr. Crowell's involvement in the actions of companies convicted of conspiracy to monopolize Alaska's timber industry is clearly and accurately defined, I believe the Senate should refuse to confirm his nomination to be Assistant Secretary.

Although I am most troubled by this "cloud" hanging over Mr. Crowell's nomination, I would be remiss if I did not also voice my concern about his suitability for the post which so heavily influences Forest Service policy.

If Mr. Crowell were to become Assistant Secretary, he would obviously influence the administration's actions regarding the Tongass National Forest. The Alaska Lands Act, compromise legislation that I reluctantly supported, would make available $40 million to ensure that 450 million board feet are cut each year on the Tongass.

As Assistant Secretary, Mr. Crowell would be empowered to direct the use of these funds, to establish a guaranteed loan program to timber purchasers in Alaska and to define the terms, conditions and eligibility requirements for these loans. This is particularly troubling because the court has determined that there are, essentially, only two timber companies in southeast Alaska—both of which have been found guilty of monopoly practices.

Thus far, I have deliberately not mentioned my concern about the vast environmental degradation that such a huge timber harvest may inflict on Alaska's mountainous coast. When I supported the Alaska Lands Act, part of my reluctance was due to the 450 million board feet provision.

This provision, I want to emphasize, is the minimum required by the law. The policy to be set by the Forest Service could exceed even that excessive amount. Environmental degradation is too kind a term when we consider the likely impact of 4.5 billion board feet from the Tongass within a decade.

For all these reasons, I have reluctantly decided to vote against confirmation of Mr. Crowell's nomination.●

The PRESIDING OFFICER. All time having been yielded back, under the previous order, the Senate will now proceed to vote on the nomination.

The question is, will the Senate advise and consent to the nomination of John B. Crowell, Jr., of Oregon, to be an Assistant Secretary of Agriculture? 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 Maryland (Mr. MATHIAS)

and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Ohio (Mr. METZENBAUM) is necessarily absent.

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

The result was announced—yeas 72, nays 25, as follows:

[Rollcall Vote No. 120 Ex.]

YEAS—72

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

NAYS—25

Biden	Ford	Moynihan
Boren	Glenn	Pell
Bradley	Hart	Proxmire
Bumpers	Hollings	Riegle
Byrd, Robert C.	Inouye	Sarbanes
Cranston	Kennedy	Tsongas
Dodd	Leahy	Williams
Eagleton	Levin	
Exon	Matsunaga	

NOT VOTING—3

Mathias	Metzenbaum	Pressler

So the nomination was confirmed.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. SYMMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from North Carolina.

Mr. HELMS. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination.

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

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

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

SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ACT, 1981

Mr. BAKER. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. The Senate will resume consideration of the pending business, which is H.R. 3512, the Supplemental Appropriations and Rescissions Act, 1981, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3512) making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes.

The Senate continued with the consideration of the bill.

UP AMENDMENT NO. 112

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

The PRESIDING OFFICER. The Senate will be in order.

The pending question is the amendment of the Senator from New York (Mr. MOYNIHAN) to the first committee amendment.

Mr. BAKER. Mr. President, the Senate is still not in order. Could we have order?

The PRESIDING OFFICER. Will Senators please suspend their conversations on the floor.

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

The question before the Senate now will be the amendment of the distinguished Senator from New York. There is no time limitation on that amendment, and I would very much like to explore the possibility of obtaining one. I have had some preliminary conversations with other Senators, and I hope we will be able to agree on a time certain to vote on the Moynihan amendment and that the time required, the remaining time required, for debate will extend until some arbitrary hour we might pick and, perhaps, we could lay aside this amendment temporarily and proceed to other matters.

Might I explore the possibility of working backward on this, say, by establishing the time of 3 o'clock as a time for voting on this amendment or some motion on this amendment, and then time for debate to begin at 2:30 to be equally divided of 30 minutes in preparation for that vote, and then to lay aside, if that request is granted, temporarily lay aside, that matter so that we can proceed to the consideration of other amendments as they may be offered.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I am happy to yield to the distinguished minority leader.

TIME LIMITATION AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I would like to suggest that there be a vote on the amendment or a motion in relation to the amendment, whichever way the majority leader wishes to phrase his request, at 3 p.m.

For the moment, however, I would like to not enter into an agreement as to the amount of time to be used prior to that hour. This side of the aisle is presently seeking to determine how much time will be required by Senators on this side of the aisle, and I am quite sure that we would not need to utilize the full 2½ hours between now and 3 p.m. I think it could be reduced significantly.

But it would seem to me—and I have discussed this with the chief author of the amendment, Mr. MOYNIHAN—and I think we would like to vote at 3 o'clock, and shortly we can tell the majority leader how much time we will need on our side of the aisle.

Mr. BAKER. Mr. President, I thank the minority leader, and I am very grateful for that information.

At this time I will limit my unanimous-consent request for a time certain to vote on this amendment or a motion in relation to this amendment, and I make such a request .

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

Mr. BAKER. The request I made was for the vote to occur on the amendment or a motion in relation to the amendment at 3 o'clock.

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

Mr. BAKER. Mr. President, might I inquire——

Mr. MOYNIHAN. Mr. President, may we have order? The leaders are trying to bring about an agreement as to the committee amendments.

TIME LIMITATION REQUEST ON COMMITTEE AMENDMENTS

Mr. BAKER. Mr. President, I would like to make one other inquiry. I see the distinguished chairman of the Appropriations Committee is here. There are almost 400 committee amendments yet to be disposed of, 390-plus, and unless we make some provision to deal with those en bloc it willl be necessary to present them to the Senate in sequence as they were adopted in the committee.

I wonder if the minority leader is in a position to advise me as to whether or not we might adopt some procedure for identifying certain of the committee amendments which require debate and proceed to the consideration of other amendments——

Mr. ROBERT C. BYRD. Mr. President, I can scarcely hear the Senator from Tennessee from where I stand, which is about 6 or 8 feet from him, because of the many conversations that are going on in various parts of the Chamber.

Now I can hear him better. Will he repeat his statement?

Mr. BAKER. Mr. President, I think the minority leader and I thank the Chair. I will not be but a moment longer. If I can have the attention of the Senate, I think it is essential that we explore at least the possibility of disposing of the some 390 committee amendments that yet remain, and I hope we can find a way to consider all of the committee amendments en bloc, as we usually do, with the exception of stated amendments which have already been identified and specified in a previous agreement or, perhaps, other amendments which must be dealt with.

Mr. President, I hope the Senate might consider, and that Members would not object to, a unanimous-consent request to consider the remaining committee amendments en bloc with the exception of the amendment dealing with Hyde-Helms language, and the Ashbrook amendment, and that the rest might be considered en bloc.

Mr. ROBERT C. BYRD. Mr. President,

if we might have the assistance of the staff for a moment——

Mr. BAKER. Mr. President, while we continue to explore the possibility of a logical and coherent way of handling the committee amendments, 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. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

VISIT TO THE SENATE BY MR. JOHN ROBERTS, MINISTER OF THE ENVIRONMENT OF THE PARLIAMENT OF CANADA

Mr. MOYNIHAN. Mr. President, may we have a moment of order?

I would like to take the opportunity to introduce to the Chamber and to the Senate a distinguished friend and neighbor of the Parliament of Canada, Mr. John Roberts, who is the Minister of the Environment and who has been a friend of many Members of this body for the longest while. It is an honor, I feel, to have him in the Chamber. I know the distinguished majority leader and minority leader have asked that we have this opportunity. I personally would like to welcome him as a neighbor.

RECESS

Mr. BAKER. Mr. President, I thank the distinguished minority manager of the bill. I, too, join in that welcome. I ask unanimous consent that the Senate stand in recess for 1 minute so we may greet him.

[Applause]

There being no objection, the Senate, at 12:39 p.m., recessed until 12:40 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GORTON).

SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS ACT, 1981

The Senate continued with the consideration of the bill.

Mr. ROBERT C. BYRD. Mr. President, while we are waiting on clearance for the adoption of all or most of the committee amendments en bloc, providing, however, that they would be open to further amendment, I wish to proceed to deliver a very brief comment on the pending amendment. I hope the majority leader will not oppose this request.

Mr. BAKER. Mr. President, I thank the minority leader. I look forward to his comments.

Mr. ROBERT C. BYRD. Mr. President, 8 days ago the President proposed a series of social security benefit reductions. The Congress and the American public had no idea that such precipitous benefit reductions were being considered by the Reagan administration.

Like many Americans, I listened to Mr. Reagan's speech last July when he accepted the Republican nomination for the Presidency. In his acceptance address, Mr. Reagan quoted Franklin D. Roosevelt, telling the American people, "It is essential that the integrity of all aspects of social security be preserved."

Like many Americans, I paid careful attention to Mr. Reagan's major economic address last September when he told the American people that he would reduce the Federal budget by eliminating fraud, waste, and abuse, and not be cutting benefits and services for people in need. In that speech, he reassured us when he said:

> This strategy for (economic) growth does not require altering or taking back necessary entitlements already granted to the American people. The integrity of the Social Security system will be defended by my administration and its benefits will once again be made meaningful.

President Reagan gave this economic address in Chicago, less than 2 months before election day.

The President's election was not a mandate to tear up the Government's solemn commitment to those about to retire. And, while he is a popular and well-liked President, I caution his advisers against interpreting the tide of personal popularity as a license to unravel the social security system.

When the President came before Congress to argue the merits of his budget cuts, he told us that no budget savings would be made by cutting social security retirement benefits. He said those benefits would be preserved as a part of the Nation's "safety net".

In spite of this promise, the administration has now called for immediately slashing benefits for those men and women planning to retire at age 62. Such a plan would not preserve the integrity of the social security system as was promised during the Presidential campaign—it would destroy that integrity.

The social security system is based on trust, confidence and predictability. Without these essential qualities, the system loses its integrity. Predictability means that the 61-year-old worker who has planned for his or her retirement next year—down to the last penny of his or her future social security check—is going to get that check.

The administration's social security plan constitutes a breach of faith with elderly Americans who are approaching retirement age. Year after year, these workers have paid their monthly contributions into the system, and now they have planned their retirement upon the promise of a specific level of income. These people have worked and planned with the full expectation of that income.

Let us recognize a simple fact: For many Americans, retirement at age 62 is not a matter of choice, Ill health, unemployment, obsolescent skills, and discrimination force them into retirement. Social security serves vital national needs. It provides retirement with dignity for millions of Americans. For millions of Americans it is the only inflation-proof insurance that they will have adequate retirement income.

In the first week of May, the Republican majority in the Finance Committee, at the request of the administration, voted to repeal title IV-E of the Social Security Act, thereby abolishing the entitlement of orphan children to Federal aid in foster care, a provision of law for 66 years.

The Republican platform reads:

> Precisely because Social Security is a precious lifeline for millions of the elderly, orphaned, and disabled, we insist that its financing be sound and stable.

The administration's social security proposals go beyond what might be necessary to insure adequate future financing for the retirement system. The Congress will not support any reductions in social security benefits which are designed to balance the Federal budget rather than insure the solvency of the trust funds.

It is clear that the administration's social security proposals were developed as part of a budget-cutting strategy.

When the Senate Budget Committee reported the first budget resoluion for fiscal year 1982 it proposed cutting Federal spending by $8 billion next year by changing the cost-of-living formula for social security and other Federal pension programs, including veterans' pensions. The administration went on record against the change, but told the Senate to retain the proposed $8 billion cut.

I wanted to know where the administration expected to cut $8 billion from social security and other Federal pension programs by next year. Therefore, I sent a letter to OMB Director Stockman and Treasury Secretary Regan and asked them for specific plans to produce the budget cuts. They responded by saying that the administration would achieve the cuts by reducing social security. The administration's plan came in the form of a hastily written and ill-conceived proposal to immediately cut social security benefits.

The Congress is not going to let the social security system go bankrupt. We will work very hard with the President to insure adequate future financing for the trust funds.

But, we will not quickly draft proposals over the weekend and present them as the right way to change the social security system. We will not follow the administration's example in this respect.

Any plan to reform the retirement system will take time, and it will have to go through the legislative process. There will need to be committee hearings by the appropriate committees in the two Houses. There will have to be opportunities given for witnesses to appear to make statements and to deliver testimony. There will have to be time for the committees to proceed with their necessary markups.

So it cannot be done overnight.

Mr. President, I am sure that with bipartisan support we can provide the solutions to the problems that exist in the social security system.

It cannot be purely a Republican plan or a Democratic plan. Therefore, it is my hope that the vote on the resolution before the Senate will not be a party line vote. The President's proposal to immediately cut benefits has sent shock waves through the elderly community.

Let us put their minds at rest, and begin to work together.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, this is the continuing debate on the Moynihan amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. STENNIS. The Moynihan amendment is the pending business before the Senate?

The PRESIDING OFFICER. The Senator is correct.

Mr. STENNIS. Mr. President, I shall not detain the Senate but for a very few minutes.

On this highly important matter of social security financing and social security benefits, we have had many votes. I have cast some rather difficult votes in this field this year. We will doubtless have many more. To get this matter really straightened out, we will be voting many more times, I think, for the next year or two.

We must go to the fundamentals, make some basic decisions, and rebuild, as I see it, the financing structure of the social security system.

There have been many add-ons in benefits since I have been here, and I voted against some of those add-ons simply because there was not sufficient showing that the money was available to make the payments, or there were not enough additional sources of income to make those payments.

Still, and I am not boasting of this. When the fund became imperiled about 2 or 3 years ago, and the proposal was to put on a stiff additional tax, I was convinced that this system was imperiled if something was not done. I voted for the additional tax on the basis of estimates from competent people who made me believe that the increased tax would probably put the social security fund on a sound foundation.

But, Mr. President, it just did not work out that way. To the contrary, the fund is still in trouble.

I am convinced that the complications of financing social security and certain vested rights that so many people have in the fund are causing tremendous problems.

I looked at social security from the beginning, and still do, as a trust fund, a trust fund that ought to be considered and kept separate from other Government funds—the taxes, the budget—and administered as a separate entity. That was the intent in the beginning and the program has continued along that line.

People do have a vested interest. I believe that this study, an in-depth study, must be made by highly competent people. It will take 12, 15, 18 months, perhaps. Mr. President, as the leader has said, it must be totally separated from any party or political considerations. Social security problems must be examined in depth, through a businesslike approach, considering the rightness of the trust fund phase of it; then recommending something in the nature of a financial plan to make the fund sound.

Mr. President, I understand we can hardly use the words "actuarially sound." I am not sure I understand exactly why we cannot do that, but I have been told that by people who are versed in the field. But an acceptable, sound financial program must be developed and the funds must be kept separate. Social security must be permitted to function along those lines. The purpose should be laid down clearly that increases in benefits hereafter will have to be coupled with sufficient additional financing.

Mr. President, I do not know that it can be sealed up that way from a legislative viewpoint, but that should be the purpose. I believe in my mind, certainly, that these more recent proposals cannot be so rapidly disposed of. There is no way for us to act soundly on these proposals on such short notice. I do not much favor sense-of-the-Senate resolutions ordinarily, but this is an important matter before us. On the whole social security system, the financing of it in particular, we shall be the rest of the year, next year, and then the next year. I am going to favor the adoption of this resolution in that it recognizes the problem.

I thank the Senate for the chance to talk, the time that I have taken for these few remarks to outline what I think is necessary to assure a sound social security program for the future. Nothing less will do.

Mr. President, I yield the floor.

Mr. SASSER. Mr. President, I yield 10 seconds to the Senator from New Jersey without losing my right to the floor.

Mr. BRADLEY. Mr. President, Ronald Reagan made a campaign promise not to touch social security benefits for current beneficiaries. He defined the basis of the social security program as an essential part of the so-called safety net.

Then he found out that the financial markets of the country did not believe that his proposed economic recovery program would work. Specifically, they took exception to the supply side Kemp-Roth tax cut, judging it to be highly inflationary in this economy and insufficiently targeted to encouraging savings and investment. They also saw huge defense expenditures eating up all the money saved through the massive spending cuts. Finally, they saw the assumptions about a restrictive monetary policy and tight money, and they could not believe it would all work out the way President Reagan claimed.

A message had to be sent that the administration was serious about getting control of Federal spending, even in the very costly but very popular areas of social security benefits. Concern about the likely size of the Reagan budget deficit had to be met with substantial long-term changes in the basic social security program, safety net or no.

If current beneficiaries were to be exempted from cuts, then a much heavier burden would fall on those not yet retired. That is what has been proposed.

While I believe that we must make some changes in social security in order to assure the fiscal integrity of the system, I believe that the changes proposed by the administration are inequitable, in some cases uncalled for, overly abrupt in their proposed effective dates and excessive with respect to the savings they will yield.

The changes are inequitable. The burden would fall most heavily on early retirees, whose benefits would drop from 80 percent of full age 65 levels to 55 percent and who would be penalized in calculating the basic benefit level by the proposal to count the years from age 62 to 65 as income years of zero value. It would also fall on disabled individuals, who would have to meet much tighter conditions for eligibility and would be required to wait another month before receiving payments.

The changes are uncalled for. Last year Congress passed a carefully considered piece of legislation, which is now law, to tighten up the Federal disability program and to ease some of the disincentives in the program which discouraged and, in some cases, penalized individuals who tried to return to the labor force despite their disabilities.

The changes are overly abrupt. With respect to early retirement they would affect all workers whose 62d birthday comes in 1982. Change would come suddenly and without giving these individuals on the brink of retirement time to adjust their plans. None of the proposals which have come from various national commissions studying problems of financing the social security system have suggested such sudden and immediate changes affecting workers who are close to retirement.

The changes are excessive. The overall result of the Reagan proposals would be to reduce benefits over the long term by 25 percent. The amount of money saved is twice the amount required to finance the social security system. Does the administration intend to use the excess in "savings"—the excess in benefits taken away—to finance the general budget deficits which will result from its inflationary tax cut and massive increase in defense spending over the next few years?

What should we do? There will have to be some changes in the basic program. The aging of our population and the increased life expectancy Americans now enjoy require some alteration in policy. But we must look at the proposals carefully, with full consideration for those who depend on social security payments to support their retirement years and for those who are disabled and are similarly dependent on this vital program.

That means that the estimated 70 percent of those Americans who retire before age 65 for health reasons should not be left bearing the main burden of the cuts.

That means that those whose disabilities are diagnosed to be of 12 months duration, or 15 months, or 20 months, and should not be deprived of benefits.

We will make changes, but we will not do so in haste. And we will not do so under the pressure to convince the unbelieving financial markets, the leading economists and a lots of good commonsensical Americans that this administration's tax cut and spending proposals are wise and will, if only we all have enough

faith, result in a balanced budget, instead of a huge deficit.

Mr. President, I urge adoption of the resolution proposed by the Senator from New York.

Mr. SASSER. Mr. President, I support the amendment offered by the distinguished Senator from New York (Mr. MOYNIHAN) and I wish to express my opposition to the social security proposals announced by the Health and Human Service Secretary, Richard Schweiker, on May 12.

The administration projects an $11 billion deficit by 1986 in the trust funds as justification for its so-called reforms. However, the administration's own figures, contained in the very same briefing material, estimate that the administration's changes would save more than $80 billion.

Mr. President, I submit that this is $80 billion coming out of the pockets of social security beneficiaries.

By the President's own figures, Mr. President, these proposals are too harsh, too unfair, and, I submit, unjustified.

This approach to the social security problem—and, indeed, we do have a problem—I would liken to a surgeon treating a sprained wrist by amputating the patient's arm. This creates a false crisis of confidence about the financial integrity of the social security system, while making our older Americans frontline soldiers in the battle against unflation. Simply put, the administration's plans are legislative overkill.

Consequently, Mr. President, yesterday 10 other Senators joined with me in sending a letter to President Reagan requesting that the administration formally withdraw its social security proposals. Alternative programs that can better meet the long- and short-term problems of maintaining a solvent social security system exist, and they have been discussed by distinguished Members of this body in committees of appropriate jurisdiction. The administration should take another look at the problem and consult with Senators who have expertise to seek a more equitable solution.

Social security is a truly national program. It touches virtually every American. Over 90 percent of American workers are covered by social security by virtue of their work experience. And presently 36 million Americans—1 in 7—now receive social security payments. In Tennessee, my native State, 1 in 4 residents receive some form of social security benefits. Thus, when we propose social security changes, we must be mindful of their economic impact on a large segment of the American population.

Mr. President, the proposals put forward by Secretary Schweiker on May 12 should be—and I believe, will be—rejected on several counts.

First, contrary to repeated promises by this President while on the campaign trail and after assuming the office, this administration is tampering with the basic benefits of social security recipients that have already retired. They are tampering with commitments that have been kept by every American President since Franklin Delano Roosevelt instituted the social security system. By proposing a 3-month delay in social security benefits from July to September in 1982, the administration will deny 36 million social security recipients some $6 billion in basic benefits or about $169 per person in 1982. Once this delay is made, what is to guarantee that this precedent might not be followed by future administrations?

Once the covenant is broken, how can it be enforced in the future? And what security do those have who rely on the commitments of their Government?

Second, Mr. President, this administration proposes to deny substantial benefits to early retirees in 7½ months. Social security benefits for those retiring at age 62 will be cut by 25 percent. A worker with a low-wage history that wants to retire at age 62 fill lose $1,000 a year in basic social security benefits as a result of the administration's proposals.

Seventy percent of all Americans now reaching the age of 62 elect early retirement. Approximately 10,000 Tennesseans take advantage of the early retirement program each year.

Mr. MOYNIHAN. Mr. President, will the Senator from Tennessee yield for a question at this point?

Mr. SASSER. I am delighted to yield to the distinguished Senator from New York.

Mr. MOYNIHAN. Mr. President, the Senator from Tennessee draws attention to the reduction in the benefits by about a quarter for persons who take early retirement.

Would I be correct in saying that when the 62-year retirement option was established in 1962, under President Kennedy, the full benefit at age 65 was reduced to 80 percent for those 62, and then it goes up to 62, 63, and 64; that in actuarial terms, the lifetime payment from social security benefits would be equal for the person who retired early at reduced benefits as compared with the person who retired at 65 at full benefits? But would it not be the case, if we now cut that, that we have broken a contract with them?

They are not getting what they had an understanding for 20 years they would get. They could take this option, at no advantage to themselves. But now, because they took it, we are going to take money away from them that they were entitled to. Is that not the case?

Mr. SASSER. Mr. President, the Senator from New York is learned in these matters, and he is quite correct. By cutting benefits in January of 1982 of those beneficiaries who have reached 62, this administration is indeed breaching a contract that was made with these beneficiaries as they paid into the social security system over the years.

We are all familiar with the private companies that printed private retirement scales as an inducement to employment, retirement scales that the private company would pay; and printed right next to that were the retirement or pension benefits that would accrue to the beneficiaries from the social security system. This was used as an inducement to employment for literally millions of Americans; and the 62-year retirement program option under the social security plan was cranked into many of the private retirement systems.

Now we come along and give these millions of Americans less than a year's notice that they are going to lose these benefits and that they will have to work 3 years longer and pay more or—tough—"You're just going to lose 25 percent of your benefits."

Americans, past the age of 50 who have worked hard and planned for early retirement, may now find that dream denied them. They have no chance to alter their financial plans. This is hardly the way to build broad public confidence in the social security system, at a time when many young people in this country are taking the position: "Well, when I reach retirement age, the social security system is not going to be able to pay me my benefits, anyway. Why am I called upon to continue to pay into the social security system as a young worker, when those benefits will not be there when I retire?"

If we are going to change the rules in the middle of the game, then the worst fears of these young workers are being borne out. They cannot believe in the integrity of the social security system.

There are other more reasonable plans for insuring the financial solvency of the social security system.

The basic elements of restoring fiscal stability to social security include:

Removal of restrictions on interfund borrowing among the three social security trust funds, greater general revenue financing of the medicare program and a deliberate, long-term program of adjusting basic social security benefits in the next 15 to 20 years so that working Americans could adjust their retirement plans accordingly.

Elementary to all this is the proposition that the solutions must be fair. Furthermore, they should not needlessly raise false fears about the social security program. For more than 40 years the social security program has served our Nation well. It is a program that embodies the economic aspirations of a hard-working people. It should not be overhauled in an indiscriminate fashion at a moment's notice.

But the social security program is more than dollars and cents. It is people, Mr. President. It is human beings who have worked hard and who rightly deserve a decent retirement.

Consider, if you will, the following reactions of some of my constituents who have contacted me about these recent social security proposals:

A 61-year-old Tennessean writes:

> A 25 percent reduction in monthly benefits would not be enough for me to eat on let alone survive.

From a disabled Tennessean:

> I wonder if the President and the Senators and Congressmen ever had to try to live (two of us) on $352.50 a month, plus $12.50 for each SSI? That's our total income and $225 comes out of that for house rent.

From a retired Tennessean:

> It is difficult for people living on a fixed income with inflation taking more away each year. People on social security are the very

people who have worked all their lives, paid their taxes and made America strong. They have not been at the welfare trough, just middle-class Americans paying their bills.

Mr. President, social security is bought and paid for by the hard labor of the American worker. It means that the American worker can look forward to retirement with a modicum of social dignity and economic security.

So, let us not create a false crisis of confidence in our social security program by the ill-timed and unwarranted proposals of the Reagan administration.

Mr. President, I ask unanimous consent that my letter to President Reagan about withdrawng his social security proposals which was cosigned by Senators HUDDLESTON, MITCHELL, DECONCINI, DIXON, RIEGLE, LEVIN, METZENBAUM, HART, DODD, and BAUCUS be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C., May 19, 1981.

Hon. RONALD REAGAN,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing to ask you to formally withdraw and reconsider the package of social security "reforms" the Administration announced on May 12.

Like you, we are concerned about the future financial integrity of the social security trust funds; however, we believe alternatives exist that speak directly to the cash-flow needs as well as to the long-term financing requirements without imposing severe economic hardship on older Americans.

Specifically, the proposed three month delay in the payment of the annual cost of living increase from July 1, 1982 to October 1, 1982, and the twenty-five percent reduction in early retirement benefits scheduled to take place seven and one-half months from now, go far beyond what is necessary to safeguard the financial soundness of the social security system.

Several alternatives, including the infusion of general revenues to pay a portion of the Medicare costs, the removal of the Medicare program from the social security system, authorizing inter-fund borrowing, and phasing in any reduction of benefits over a longer period of time, thus allowing those older Americans 50 years of age or older to adjust their financial plans for retirement, merit your personal review and consideration.

Over the past week, our offices in Washington and back home have been deluged with calls about this proposal. Frankly, the callers are overwhelmingly opposed to the Administration's plan. Everyone agrees that the system faces problems in the future, but there is general agreement among our constituents that these proposals go too far and are too unfair.

Therefore, we respectfully request that you withdraw the May 12 plan for reconsideration.

Sincerely,

Jim Sasser, Walter D. Huddleston, George Mitchell, Alan Dixon, Don Riegle, Gary Hart, Max Baucus, Dennis DeConcini, Carl Levin, Howard Metzenbaum, Chris Dodd.

U.S. Senators.

Mr. MOYNIHAN. Mr. President, I thank the distinguished Senator from Tennessee for his statement. I believe the American people would thank him, also.

I call attention to the calm way in which he asserted that there are rights to which older Americans are entitled. If this body will not defend them, who will? Only this body can do it.

These are contracts we have made with our people, with ourselves—a social contract. If social contracts can be ripped up in this manner, then what of the social fabric behind them? What happens to that?

I call the attention of the Senator to something he will recall. On several occasions it was proposed on the opposite side of the aisle that we make drastic, sudden, and punitive changes in our welfare system. I had occasion to stand up, because the Committee on Finance Subcommittee of which I was then chairman and am now ranking Democrat and deals with both welfare and social security say: "You know, once you start making changes of this kind arbitrarily, retroactively, without any real attention to the recipients of one part of the Social Security Act, you will end up doing it to recipients of other parts of the Social Security Act, and you will end up doing it to the retired persons."

There were horrified gasps of incredulity on that side of the aisle: What? What—cut the benefits of retired persons? "Oh, no, that could never happen, never, never, never, never. We are only cutting the benefits of some undeserving poor that we are sure are some way or another milking the system."

But we said it in this Chamber. I had to stand right here and say, "You start this precedent and you will not stop it."

And that was vehemently denied. What was vehemently denied then is painfully manifest today, and the Senator from Tennessee has superbly outlined the breach of faith and contract that is involved here.

I thank him.

Mr. SASSER. I thank the Senator from New York.

Mr. RIEGLE. Mr. President, I gather there is no time limit?

Mr. MOYNIHAN. No, there is not.

Mr. RIEGLE. Mr. President, I plan to speak for probably 5 minutes at this point.

Mr. President, this is an absolutely vital issue that is before the Senate today and before the country.

There is great anxiety across America today among those who are presently retired and receiving social security benefits and also among millions and millions of people who are moving toward retirement age under social security. These millions of Americans are worried and just do not know what to expect in terms of the sneak attacks that the Reagan administration has made on the social security system in the last 2 months.

Clearly the promise that was made during the 1980 campaign and since by the Reagan administration to keep the social security system intact, to protect it, to treat it as part of the safety net, that promise has been broken. It has been shattered into a million pieces, and people across the country now realize that, and there is great distress about it and for good reason.

This raid on the social security system is unjustified and unnecessary.

There was a sound basis for the promise that was originally made by the administration to protect the system and which now has been broken. We need a strong social security system—and all our people must have the assurance and confidence that the full system will be faithfully maintained—and not be ripped apart.

The most recent proposals that have been put forward by the Secretary of Health and Human Services for major cutbacks in the system go far beyond any real practical financial problem that presently exists within the social security system.

What is involved here is far different than that, more far reaching, and I think far more sinister because this is the third major attack on social security we have seen since the new administration has come to town.

The first attack the administration made on social security, and which I fought against here in the Senate was the proposal to eliminate the minimum benefit under social security, the $122 a month payment that some 3 million Americans now receive. Many of these persons are very old, in poor health, and unable to make up for that income loss in any other way.

In fact, if the minimum benefit on social security is eliminated, which the administration has proposed, there are literally tens of thousands of Americans above the age of 90 who will lose their benefits and many of them are in situations where they cannot very well manage their own circumstances. Certainly they cannot go out and find work, many who will be forced to go on welfare when the minimum benefit is withdrawn but nevertheless, despite the administration campaign promises, they are being sliced off the system. It is wrong; and it breaks the promise that was made.

The next attack on social security came in the form of the proposal to change and reduce the cost-of-living index and to postpone the payment date as to when the cost-of-living increase would be applied. The annual cost-of-living adjustment is to offset the inflation and to make sure that the buying power of the social security benefits would be maintained. This inflation adjustment is a vital part of social security and it must be kept and protected. That sneak attack occurred in the Budget Committee during the first budget resolution, and we fought that tooth and nail. Here on the Senate floor we had two votes. We fought hard and came close to winning. The first vote was 49 to 42. We were not successful in fighting off that proposed change in the budget, and that was the second attack by the Reagan administration and its supporters to start dismantling another basic part of the social security system.

Now the third attack, just within the last few days, is the proposal to dramatically and profoundly damage the system by sharply penalizing those people who are required by circumstance to seek

early retirement and the normal reduced benefits a person now receives at age 62. We know that most of the people who take the age 62 retirement option, and the reduced benefit that goes with it, do so because they have to. For reasons of circumstance of health or other problems in their lives they are not able to work beyond the age of 62.

Now we see a new administration proposal put forward that would require those retiring at age 62 to pay a very severe additional penalty, and have a major part of their benefits cut away despite the fact that over the years they have contributed week after week, month after month in their payroll taxes into the social security system to pay for their benefits.

It is outrageous that the administration would come in and make that proposal, especially so in light of the promise they made at the outset that they were determined to keep this program safe and intact.

The administration says these deep cuts its requesting are needed to keep the social security trust funds safe. But the reductions in social security benefits proposed by the President go far beyond what might be needed at some future point to insure the continued solvency of the system. The administration projects an $11 billion deficit by 1986 in the trust funds. But the cuts proposed in social security by the President would save more than $82 billion over the next 5 years. These cuts are clearly designed to do far more than just shore up the social security system—they are designed to help balance the Federal budget. Congress would never let social security go bankrupt. Nor should Congress allow itself to be stampeded into approving these massive cuts because of scare tactics and exaggerated predictions of imminent bankruptcy.

The administration's package would directly affect 36 million social security recipients who have already retired, despite the President's repeated promises that basic social security benefits would not be cut. The proposal to postpone the date of the cost-of-living adjustment by 3 months for current beneficiaries will mean an average cut of $167 per person in 1982.

The administration also wants to cut benefits by 25 percent for those who retire at age 62 instead of age 65. They propose to apply these cuts to people who retire any time after this December—only 7½ months away. By the administration's own calculation, a 62-year-old worker retiring next January would have his or her maximum social security benefit cut by $159 a month under the administration plan. A worker with a low wage history would lose $1,000 a year if the administration's plan is allowed to become law. These cuts would be devastating to the many older Americans who are pushed into taking early retirement at age 62 because of poor health, forced unemployment, or other circumstances.

Let me repeat that Congress will never allow social security to go bankrupt. But there are many, far more reasonable approaches to protecting the integrity of the social security trust funds. First, any program to assure the solvency of the social security system must have that goal as its only purpose. It must not include budget cuts which are far deeper than needed to keep the trust funds safe. In developing a program to protect the trust funds, we should explore the removal of restrictions on interfund borrowing among the three social security trust funds, so that when one fund is high and another low, transfers can be made between these trust funds. Second, we should consider the use of greater general revenue financing for medicare. Finally, if it someday becomes necessary to adjust benefits under the system, this should be undertaken as part of a deliberate, long-range program of adjustments, over a 15- to 20-year period, so that working Americans will be able to plan and adjust their retirement plans accordingly.

Let me share with Senators some of the comments from Michigan citizens who have written to me on this issue in the last few days:

For the first time in my life I feel I must write to my representatives in Washington. I am writing in regard to President Reagan's proposals on Social Security. I feel at this moment as if there is no justice left in this world. For the past 40 years my husband has contributed to the Social Security plan. Now he is 58 years old and suddenly his health has taken a turn for the worse. He is not ill enough to qualify for disability but the doctor does advise early retirement. Many of the men with ordinary labor jobs feel about the same. Some of our dear friends have already passed away. I only wish the president would spent at least 8 hrs working on an assembly line and then tell all these poor souls they cannot retire at 62 or better still till they drop dead. Working is a pleasure when you have easy jobs and then naturally you might want to work later in life. . . . The news showed a waitress yesterday who is patiently waiting for her 62nd birthday in 2 months. Have you any idea what it's like to wait on tables and be on your feet all day at age 62? Can you people say to this woman work 3 more years?

Mrs. VIRGINIA BUMOL,
Detroit.

I am a 49-year-old Korean War veteran who is drawing Social Security disability for Rheumatoid Arthritis. I have worked and contributed the maximum amount into Social Security, and I am deeply worried that President Reagan and David Stockman are trying to take my protection away. I agree that budgets cuts should be made but not at the expense of the elderly and disabled. These people have been the back bone of our country and now is not the time to desert them! I can't comprehend Congress taking this type action against the elderly and disabled.

FREDERICK AND LINDA CARSTEN,
Fenton, Mich.

I am a carpenter and do construction work. When I am 62 and past I won't be able to do the work and I won't be able to find a job and hold it, because they don't like to hire older men. The working man tried for years to get the age lowered so he might have a few easy years, before dying.

JOSEPH EBERNICKEL,
Ecorse, Mich.

My husband has his heart set on retiring at 62 and since the announcement has been very depressed. How is it possible to tell these people after paying into the system their whole entire lives that things have changed and they must pay more. Factory work is hard, degrading, boring and very unhealthy. Please don't take away my husband's dream of an early retirement. I urge you—no—I beg you, please vote no.

Mrs. CAROL SHARBER,
Warren City, Mich.

Please be aware that those who have planned to retire next year at age 62 have in most cases announced their plans to their employers. In some cases, replacements have already been selected (as in mine) and the die has been cast. Co-workers, friends and relatives have been notified and in many cases, retirement house commitments and financial arrangements have been negotiated and are pending. I wonder if the administration realizes the spot that they will place many of us if this thing goes through?

ROGER SHOCKCOR,
Farmington Hills, Mich.

So now we have three different occasions in which an assault has been made on the basic social security system and if the administration succeeds in slicing away part of the social security system in this fashion, then no part of the system will be safe in the future.

We have already seen three different attacks on the system made in just these few months. I think it is a certainty that we will see other attacks mounted to cut away other parts of social security if these attacks succeed. They must not succeed.

I think our retirees in this country, those who are reaching retirement and younger workers who are contributing today into the system, all groups need to know that they can depend on this system remaining intact as it is, as it can, and as it should be. That is why I think there is so much disillusionment today in the country on this issue because the President, when he ran as a candidate, was so clear in his commitment and promise that this system would be maintained intact.

As I say, that promise has been broken into a million pieces, and it is a matter of great disappointment and great frustration in the country. We are receiving hundreds of phone calls at my district offices in the State of Michigan from people who are angry about this attack on social security. Many more Michigan citizens came up to me last weekend when I was visiting in the State to express their concern to me about it and to ask me to fight against these changes and to keep the system intact. Letters are now arriving here in Washington by the thousands in all the Senate offices and offices of the House of Representatives from people in the country speaking out against these attacks on the social security system.

I think it is important that no one be confused about where this derives from and so far I think this has not been well reported, but those of us who serve on the Budget Committee have had a chance to see why this promise has been broken and why the social security system is now under attack by the Reagan administration.

And that is if we look at the first concurrent budget resolution, we see that the administration program provides for massive continuing Federal deficits

for the next 4 years in this country. The Republican estimates on the Budget Committee would show us a deficit in 1984 of about $45 billion. The Congressional Budget Office, using more realistic economic assumptions, shows a deficit in 1984 closer to $80 billion.

Mr. Otto Eckstein of Data Resources, who has put the same data in his model of the national economy, anticipates a Federal deficit in 1984 of something on the order of $110 billion. Any of those estimates will mean that we will have sky-high interest rates in this country, we will have a recession that we will not be able to cure, and that is clearly unacceptable. So now the administration, in almost a frantic effort to try to hide these deficits, has gone out to find some additional money. And where have they gone? The administration has gone and made a direct attack on the social security system in the United States and have said: "Let us take the money away from the older people and from the retirees," despite the pledge to protect social security, despite the way the law reads, despite the commitment that has existed over the last 30 years.

The administration is planning to take the money from social security to pay for a massive increase in the defense budget, three times the buildup of the Vietnam war over the next 5 years, over $150 billion of additional spending on top of the sums we are now spending. Some of it is needed, but not all of it needed. The administration is raiding social security to pay for the big Roth-Kemp tax cut costing literally hundreds of billions of dollars—these huge new expenses have created these massive deficits that are now projected out through 1984. That is why the financial markets in this country are in disarray right as we stand here today; that is why the long-term interest rates are at alltime highs in the United States because the people who are making serious decisions of billions of dollars each day know we are going to stay on the inflationary treadmill with these massive budget deficits.

So what is being done here? There is a raid being made on the social security system in a futile effort to try to solve this problem of Federal overspending. We need to deal with the serious problem of Federal overspending, but not by taking it out of the hides of the retirees of this country or those about to retire, particularly when it involves breaking faith with a lifetime of work commitment and work payment by those people who depend on social security.

That is what this issue is all about, and it is essential that we fight off this attack on social security now because, as has been said by the Senator from New York, just as sure as we are meeting here today if this attack on social security is successful, and if these newly targeted groups of people are to have their benefits sliced away and reduced beyond anything that makes sense or is reasonable, then who is safe on social security? No one who depends on social security will be safe in the future. We must stop this raid on social security—and keep it safe and sound for the future.

If these changes and reductions are approved, I think it will be just a matter of time before other groups on social security will be targeted, and we will see this system sliced away, eaten away slice by slice, and there will not be anything left of it in the end. That may very well be their purpose. I do not know how else one makes sense out of the fact that we have now had three separate attacks on social security in the period of a few weeks with the minimum payment elimination, the proposed reduction in the cost-of-living index reduction and delay of the annual inflation adjustment, and now these latest changes which would basically pull the rug out from under people who are approaching retirement and tell them that they must either accept a sharp new reduction in their benefits or else continue working in direct violation of the social security rules that have been law for many years now.

Mr. MOYNIHAN. Mr. President, will the Senator yield for an observation?

Mr. RIEGLE. Yes, I yield.

(Mr. ABDNOR assumed the chair.)

Mr. MOYNIHAN. The Senator has counted three successive attacks on social security in the 4 months of this administration. I wonder if he would not agree that it is possible to describe as a fourth attack a proposal adopted by the majority of the Committee on Finance, over our protest, that would eliminate the 46-year-long entitlement of children, of parentless children, orphaned children, to have the Federal Government assume a proportion of the cost of their foster care and which slashes the amount of earnings, outside earnings, that working mothers on welfare can be allowed to obtain. Two conspicuously powerful groups of people, orphans and mothers on welfare. That has already passed our committee.

Mr. RIEGLE. The Senator makes an excellent point. That is exactly right. The group he has mentioned has also been targeted, and I think partly because they are not very able to fight back, they are not able to defend themselves, they are not down here with big, powerful, expensive lobbies like some of the other groups we see here in Washington these days.

Mr. MOYNIHAN. I have to report that I have not received a single letter from a 2-year-old orphan, and it does not surprise me. If there ever was an injunction Biblical in its origin it is, "Look after the widows and orphans." These are helpless children, helpless children, and we have torn away from them a right first guaranteed by Franklin D. Roosevelt. No one ever dreamed it would be questioned. These are children. The cry is, "Cut the budget." Why? Because there is something wrong with social security, because the administration thought children should not be aided? Because of an indefensible economic doctrine with which they have been stuck. So it has nothing to do with the social security reform. It has to do with maintaining the illusion that you can have a one-third cut in personal taxes and not have any loss in revenues. They realize it is not so, so they take it out of the children and give it to the people in the 70-percent bracket.

Mr. RIEGLE. I thank the Senator for his comment. I am reminded, too, of the statement by the Senator from Tennessee (Mr. SASSER) a short time ago. He indicated that workers today, men or women, who are in the work force are working day in and day out and they are paying into social security. They have been doing so on the basis of a belief and a knowledge that if something unforeseen happened, if they would die for some reason, they would know that the system they have been working under and contributing to would provide that level of help to the children who are left behind or to the spouse who is left behind.

This goes exactly to the purpose and the meaning of this system itself, and how someone today can have faith in it, can want to contribute to it even though retirement for them in terms of a normal retirement age might be 20 or 30 years away. And for the administration to now come along, as has been done here and suggest that these changes, these massive cuts, be made literally overnight, with no serious discussion, breaks faith with the workers of our country. The public was not told this is what was intended during the campaign of 1980 or, in fact, even in the early weeks since the turn of the year. This attack on social security is something that has stunned everyone because it violates the President's pledge, it violates commonsense, it violates the integrity of the social security system and it is essential that the Senate vote on it.

It is essential that every one of the 100 Senators go on record on this issue so that it is crystal clear where people stand, so that every citizen of this land, in whatever State he or she may reside, will have an opportunity to know exactly where their elected representatives stand on this issue.

I think it is fundamental that we know this so that we can mount the kind of effort to persuade those who may need persuasion that it is essential that the social security system be kept intact, that these efforts to slice away basic protections in this program be stopped, that we fight against these proposals and that we defeat them.

Mr. MOYNIHAN. Mr. President, I would like to congratulate the Senator from Michigan for an impassioned, truthful, and irrefutable statement of the case. He, as a member of the Budget Committee, knows why these cuts are made. They are made to sustain an indefensible economic doctrine which, having collapsed within the administration, is nonetheless clung to in the hope that, by wiping out enough expenditures in social programs, the administration can carry on with a doctrine that helped them, no doubt, with the election, but which they see cannot work.

The Senator—not the first today—made the point that no one had any idea that these proposals would be made and, as he well knows, we put in the RECORD earlier today a copy of a Republican National Committee newsletter called "Senior Republicans." There was a huge headline, "President Reagan Keeps

Promise, Retirement Benefits Go Untouched." That was in the mail when the proposal from Mr. SCHWEIKER arrived saying it was not so.

That is not the way. We do not accuse anyone of bad faith, but there is such a thing as commitment to obligations made over generations. To break those commitments seems to me beyond our understanding.

I thank the Senator from Michigan.

I see here in the Chamber the Senator from Maine (Mr. MITCHELL) has risen. As a distinguished jurist and Federal judge, it would be his view, I think, that these agreements should be kept and that the social fabric of a society depends on the confidence that agreements and contracts and understandings will be kept. I look forward to hearing his views.

Mr. MITCHELL. Mr. President, I thank the Senator from New York.

Mr. President, nobody ever said that cutting the Federal budget would be easy, but we were told that the budget cuts would be fair.

The proposed reduction in social security benefits are not fair and should not be adopted.

I have supported many of the proposed budget cuts because I believe the goal of fighting inflation is important enough to warrant substantial reductions in Federal spending. Inflation hurts every working person, every family, every retiree; every American. It must be controlled.

But I will not support, and this Senate should not support, social security cuts that make elderly Americans the principal casualties in the battle against inflation.

Fairness requires that everyone share in the necessary sacrifices.

Nothing is more important than the recognition by all Americans that this is a shared responsibility and a joint obligation. And the American people have responded with support for fair reductions in spending.

So it is important to note that the elderly have not been spared their share of budget cuts.

The budget presented by the President imposed limits on medicare home health care visits.

It cut severely the fuel assistance program, which is to a significant extent an elderly assistance program.

It sharply reduced the housing programs which finance elderly housing projects.

It made massive cuts in the program that provides homemakers' services to older people who want to remain in their homes.

It reduced the coverage of medicaid, which serves many low-income elderly.

It cut food stamp benefits far more severely for smaller households—generally elderly households—than it does for families with children.

It would reduce the access that retired veterans have to their health care system, placing more pressure on other elderly health care programs.

The budget also eliminated the minimum social security benefit of $122 a month—the benefit any covered worker is entitled to, regardless how low his income. And that reduction was not just to people retiring in the future but to people receiving the benefit now.

So the elderly population has made its share of sacrifice in the budget process. It has not been exempted. It has not been given special or protected status. And now, on top of all of these cuts, the administration proposes massive benefit reductions in social security.

If the social security program were truly in the deep financial trouble suggested, that this extensive dismantling were needed, it might be reasonable to ask elderly Americans to make this sacrifice. But the truth is that there is no financial need, no economic need for the drastic and fundamental changes in the system being proposed.

The program today is registering a shortfall of about 1.5 percent of total payroll. These changes would add up to a total of almost 3 percent of payroll—about twice as much as is needed to keep the system solvent in the long term.

There is simply no need for this dramatic and onerous reduction in benefits.

Now the social security system today confronts both a long-term and a short-term problem. The short-term immediate problem exists in part because the social security trust funds are sensitive to the state of the economy. The current rates of unemployment and inflation result in lower payments into the system and higher payments out of the system.

In March of this year, the President announced his economic program. At that time, he presented his expectations for the economy if his program is implemented.

His forecast shows a substantially improved economy. He projected that the consumer price index would decline from 10.5 percent this year to 7.2 percent in 1982 and 6 percent in 1983. He projected that the rate of unemployment would decline from 7.7 percent this year to 7 percent in 1982 and 6.5 percent in 1983.

Now, as I said earlier, the social security trust funds are sensitive to what happens in the economy. A 1-percentage point reduction in the unemployment rate increases revenue to the trust fund by about $3 billion. Outlays would also be reduced by about $300 million because the larger number of jobs results in fewer retirements. And a 1-percent reduction in inflation rate lowers outlays by $1.3 billion each year.

The administration's own forecast of the social security system's surplus shows that, under economic projections used in the President's budget, there is no deficit in the combined trust fund. In other words, if what the President has said will happen in the economy happens if his program is passed, the entire problem could be taken care of through interfund borrowing. And that is stated right in the proposal, in the statement made by the Secretary of Health and Human Services.

And yet the administration's rhetoric on the social security program projects dire financial problems immediately so that we must make this abrupt and almost without notice reduction in benefits.

Those dire projections are not supported by the facts.

Even if the administration's own forecasts of the economy are disregarded, even if we accept what Secretary Schweiker now says when he says you cannot pay any attention to what the President has been saying for the past 6 months about the economy because, even though his program has been largely adopted, it is not going to do what he said it will do, even if we accept that and we look at other forecasts in line with the projections of the Congressional Budget Office, they all show that while there will be a shortfall, the scope of that shortfall simply does not warrant benefit cuts as massive as proposed by the administration.

The changes proposed are directed primarily at individuals ready to retire within the next 5 to 10 years. These are the people who have paid the highest payroll taxes in history, who have worked the longest under the system. This is an unnecessary series of changes and it is grossly unfair to those Americans.

Seventy percent of our population retires before the age of 65. That has, until last week, been considered a major social advance, permitting people in difficult, physically strenuous jobs the option of taking a well-earned retirement without suffering a severe financial loss. It is an improvement from the time when people feared the poverty of retirement, the dependence on family, the loss of independence, the loss of their homes, and the crippling cost of illness or disability.

Of the 70 percent of Americans who retire before the age of 65, it is estimated that as many as three-fourths of them do so for health-related reasons. These are the people for whom the early retirement option was developed and intended and these are the people who are being asked to make unwarranted, unnecessary sacrifices under the President's proposal.

Now, against the backdrop of these sharp budget cuts, which I outlined earlier, which have not spared the elderly, these new proposals are unconscionable.

They go beyond the need to secure the financial stability of the social security system—instead they attack the very foundation of the system. Social security is a cornerstone of our mutual obligation as a society to protect the vulnerable, to repay the labors of a lifetime, to protect the living standards that men and women worked for decades to preserve.

Moreover, these proposals strike at the very people who have the most to lose, those who have been working all of their lives, who have paid into the system for decades, who have made their plans, who have contributed to the system—all with the expectation that the Government of the United States would keep faith with them by providing the social security benefits that are due them and that they have been told for 40 years will be due them when they retire.

Because the new proposal made by this administration would not give the expected benefits to anyone who retires before age 65, it would penalize the majority of workers now preparing for retirement.

If these proposals are adopted, any worker who retires next January, just 7 months from now, at the age of 62, even though he may have worked for 40 years, will get a massive cut in his monthly benefits, and those cuts will range from a low of $84 a month to a high of $160 a month.

Mr. President, the importance of the social security system across this country can be illustrated by a few statistics from my own State of Maine; 138,000 people in Maine rely on the social security program for their basic income. The average monthly benefit is $315—$315 a month—and for a majority it is their exclusive source of income.

That is simply not enough for anyone to live on today. The bulk of the income of elderly Americans is spent on the fastest rising items: food and energy. The elderly people of this country spend a greater proportion of their income on food than any other segment of our society. Food prices rose by 20 percent last year and energy costs rose by 18 percent, putting the elderly even further behind.

Twenty-five thousand Maine families rely on the disability insurance program of social security. These are families whose breadwinners are unable to work because of chronic illness, disabling accident, or a combination of age and disability. One-third of all the people receiving disability insurance in this country are between 60 and 65 years of age, working men and women who have contributed to the system for 25, 30, even more years, who have been forced to leave their jobs through no fault of their own. These are precisely the people for whom the disability program was intended and who it has served.

Mr. President, changing the social security system in this drastic manner, with so little notice, a system that so many people in this country now depend upon when they retire, changing the benefit calculations for people nearing the end of their working lives today—all of these abrupt, unjustified, unfair and unnecessary changes go far beyond the need of fiscal responsibility. They ought to be rejected by this Congress, by this Senate, in a resounding vote, a vote that will say to the elderly people of this country, "the United States Government keeps its word."

Thank you, Mr. President.

Mr. MOYNIHAN. Mr. President, may I thank the distinguished Senator from Maine for a statement that will be remembered in the history of debate. A former member of the U.S. district court, a Federal judge who left a lifetime appointment on the bench to enter this body, has just said what only a judge can say: that the U.S. Government keeps its word. It is our responsibility to see that it does.

I wish it were going to be easy. We are not trying to be partisan here. It is too important; this is beyond partisanship.

Here is the first paragraph from the April-May Senior Republicans." The Senator from Maine might wish to hear it. It says "President Reagan Keeps Promise. Retirement Benefits Go Untouched."

The article begins:

> The plan for budget reform presented by President Reagan to the Congress not only maintains social programs important to senior citizens at their present levels, but provides for an increase in spending for these services over the next 4 years.

Would that be the impression of the Senator from Maine?

Mr. MITCHELL. It certainly is not. I want to say to the Senator from New York that I believe if one set out to construct an unfair change in the benefits, one could do no better than the proposals that are before us.

Mr. MOYNIHAN. Having promised none, we now get not only a massive proposal but a singularly inequitable one.

Mr. MITCHELL. And particularly with relation to that entire generation of Americans who have worked for up to four decades, who have paid the highest social security taxes in the history of the system, who have, in effect, contributed the most into the system and who are now being told they will receive the least in benefits. What conceivable justification, what conceivable rationale, is there to say that a man who retires on December 31 of this year, after a lifetime of efforts, will get one level of benefits, but a man who retires on January 1 of next year, at the same age, with the same work experience, with the same payments in, will get substantially less in benefits?

It is unfair, inequitable, and nothing more illustrates the hasty, ill-conceived, unprepared, thoughtless nature of the proposals that comprise these reductions. They ought to be rejected resoundingly by this Senate.

Mr. MOYNIHAN. Mr. President, if I may say, when a former U.S. Federal judge speaks in such terms, you know that a sense of injustice has been aroused. The responsibility of government to do right has been voiced with extraordinary eloquence and force.

Mr. RANDOLPH. Will my able colleague yield?

Mr. MOYNIHAN. I am honored to yield to the distinguished, learned, loved former chairman of our committee, the senior Senator from West Virginia (Mr. RANDOLPH).

The PRESIDING OFFICER (Mr. BOSCHWITZ). The Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I am always grateful for the generous comments of my friend from New York (Mr. MOYNIHAN), and for the remarks so spoken with validity by my colleague, the Senator from Maine (Mr. MITCHELL).

Mr. President, I am the only Member of the U.S. Congress today who was serving on Capitol Hill in 1935 when the Social Security Act came into being. In that year as a Member of the House of Representatives, I supported and spoke for the passage of this law which broke new ground making a very important step in the legislative history of this country.

I am gratified to have voted for the program, because I believe it has served our country well. Improvements, to be sure, are needed. We must come to grips with the problems.

I commend the logic advocated by the knowledgeable Senator from New York (Mr. MOYNIHAN) who is handling the amendment, which I am a cosponsor. It is almost inconceivable that such a sound approach, as the Senator presents, that the measure will not receive the endorsement of the Members of this body.

I do not know what the vote will be, but I commend to my colleagues, not in any frustration but from my heart, the deep down feeling that this is an hour when no partisanship should surface.

This is a matter that concerns the well-being of millions and millions of the people of this country, in many age brackets, who have received a direct commitment from our Federal Government for payments through social security. I plead that the 98 gentlemen and the two gentlewomen join in passage of the amendment.

I reiterate. The proposal which comes from the present administration—and I speak in no sense so a carping critic—is wrong. We have a chance in the next few hours, when the vote comes, to right that wrong, in a resolution.

Amendment No. 5:

Mr. MOYNIHAN. Mr. President, there is one man in the Congress of the United States—one man (Senator RANDOLPH)—who was present in Congress at the time the Social Security Act of 1935 was enacted. He is now on the floor, and he has spoken. He has spoken truth to power. He has asked that right be done, that wrong not be done.

Mr. President, when the senior Senator from West Virginia (Mr. RANDOLPH) stands on the floor of the U.S. Senate and says that what we are about to do is wrong, he commands the attention of each and every one of us. He has seen what 45 years of social security have done to transform the lives of the American people.

To be an old coal miner in West Virginia was not a pretty thing in 1932. To be a widow of a coal miner in West Virginia was not a pretty thing in 1933. To be the orphan of a farm or factory family in West Virginia was not a pretty thing. And Franklin D. Roosevelt and our party said:

> We can look after one another better than that. We can show our common concern and love and fellowship.

And we looked after the widow and orphan and the man who would quit his days of toiling in other men's plants. People who retire on social security have worked all their lives. They have worked and they have been promised an old age of dignity and security for themselves and their families.

Mr. President, are we going to break that promise after a half century? Not if the senior Senator from West Virginia has any say. I thank him for the honor of being on his side of this issue.

It is something that I shall not forget,

that you who stood and voted for that bill in 1935 stand here today and say, "Preserve that principle. Preserve that trust."

I thank the beloved senior Senator from West Virginia.

Mr. President, I see my friend from Arizona has risen. I look forward to his remarks, for as long as he wishes to make them.

Mr. DECONCINI. Mr. President, I thank the Senator from New York. I thank him as a colleague in this body for coming forward, with this amendment.

Mr. President, I strongly support the Democratic conference amendment on social security. I do not think it needs to be a Democratic issue at all. I think this is an issue that is before all Americans to see whether or not Congress can do its job. That job is to attempt to balance the budget and to balance the budget without doing such devastation as has been proposed.

Mr. President, the administration's proposal goes far beyond meeting the future solvency requirements of the social security system and would, if they were adopted, result in a reduction of benefits for all future retirees.

Despite administration promises, future retirees would be facing a 10-percent reduction in monthly benefits by 1987. In the short run, the proposals, including those submitted as part of the President's fiscal year 1982 budget, represent the largest single program reduction yet proposed by the administration—a reduction which is far in excess of the $11 billion deficit forecast for the retirement and disability trust fund.

This leads one to question the purpose of the proposals. Are they actually intended to insure the integrity of the social security system or are they designed to cover deficits elsewhere in the budget?

The President's proposals will have a particularly adverse impact on those planning on early retirement. This proposal is especially onerous in light of the fact that almost 75 percent of the workers who opt for early retirement do so because they cannot find employment, are the subject of discrimination in hiring practices, or are disabled or too ill to continue working. Altering the early retirement benefit formula would unfairly undercut the legitimate expectations of millions of Americans.

Restoring the social security system to financial health and high public confidence is, indeed, our primary goals. The American people have the right to expect the administration and Congress to approach the task of placing the social security system on a sound financial footing with the utmost care, prudence, and responsibility. The administration's proposals do not meet those criteria. They are precipitate, excessive, and constitute a breach of faith with the American people who have contributed to the social security system with the expectation that a specific level of income would be available to them upon retirement.

Social security is the principal source of retirement income for millions of Americans and is the only thing that stands between them and abject destitution in many instances. For millions more, social security constitutes an indispensable supplement to other pensions and annuities, most of which are not, and indeed cannot be, adjusted for inflation.

For these millions of Americans, it is the only inflation insurance available. To trifle lightly with a structure upon which so much depends in our society is irresponsible and invites social and economic chaos.

Mr. President, I should like to go forward, because I think the question probably has been raised before I came to the floor: If you are going to oppose the administration in its effort to balance the budget, as we all have talked about, and there has been great effort here, where are you going to do it?

Let me remind this body that on two occasions in the last 4 weeks, we have had an opportunity to vote, and we have voted, and turned down a proposition, an amendment that would reduce Federal outlays by $3.9 billion in the area of Federal travel, nondefense travel, in the area of public relations, in the area of audiovisual, and in the area of debt collection. If we cannot find that $3.9 billion in those categories, there is something wrong with this body and its judgments. I say to the administration that they can and maybe they will find those same $3.9 billion in travel, public relations, and debt collection.

Also, Mr. President, we had an opportunity to reduce the multilateral aid package here by some $800 million, and it was turned down by this body. The argument there was that the previous administration had made certain commitments; how could we go back on those commitments, because we have to stand by our words? Indeed, as the Senator from Maine has said, our word has been given to workers of this country, with the people who have paid into the social security system. I submit that it is not the word of this country, because our negotiators have indicated we would pay a certain percentage in the multilateral assistance program.

Indeed, I believe that any of those commitments are subject to the approval of Congress, and we have every right to alter them in the best interests of this country.

Mr. President, a large number of people have chosen my State, for various reasons, to retire to and to work in. We received two calls yesterday from people who indicated that they were 62 years of age and, because of this situation, were going to apply for early retirement. They said they were not ready to do so but were going to do it because of fear of what this proposal would do to them.

I am sure that a number of colleagues on both sides of the aisle have witnessed a deluge of mail in this matter.

I have collected at random six letters from people in my State complaining about meddling with the social security system, about the commitment that has been made. Some of them have been very supportive of the administration's efforts to balance the budget, but they also feel that a commitment has been made by the present administration. They ask why the administration would turn its back on the same people who in many instances have supported it in the past.

Mr. President, I ask unanimous consent that these letters be printed in the RECORD.

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

TUCSON, ARIZ.,
May 13, 1981.

Hon. DENNIS DECONCINI,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR DECONCINI: The news today is very upsetting in regards to the revamping of the Social Security System.

I strongly protest the drastic changes that President Reagan is contemplating in the Social Security System.

We older workers have been looking forward to retiring at 62 years of age, find that under his plan it would be impossible. After working under the system since it came in to effect—I feel that I've earned the right to retire at 62, at 80% of the total amount allowed. Under the proposed system, you are also penalizing the younger worker. By not letting us retire at 62, there is that much work not available to the youth that are in the market for work.

If they want to revamp the system, why not start looking in the prisons, where it was found that criminals were getting social security. Also what about the people that come to America for 5 years, work and they are able to draw Social Security in the native country, and usually they receive more than the worker that has worked all their lives. What about the children that are getting money to go to college. Both my children worked their way through. Why can't they?

As a Senator that has helped numerous people, I strongly urge you to vote against this measure. Thank you.

Sincerely,

EVA K. LEVINE.

SUN CITY, ARIZ.,
May 14, 1981.

Hon. DENNIS DECONCINI,
Senate Office Building,
Washington, D.C.

DEAR SIR: I cannot support, and do not expect you to support, the drastic changes in Social Security as proposed by President Reagan.

I have been paying the maximum deduction annually for 45 years and intended to take early retirement in 1982 at age 62.

I fully expected Social Security to be reliable and not change the rules under which I contributed to it all these years.

Respectfully,

WILLIAM BACHSCHMIDT.

MAY 16, 1981.

Hon. DENNIS DECONCINI,
Dirksen Senate Building,
Washington, D.C.

DEAR SENATOR DECONCINI: We are very much opposed to any meddling with Social Security benefits. The recipients of these benefits have put their share in every pay day for many years. This is not a "welfare type" benefit. These people have worked hard expecting that the money deducted from their salaries was "saved" for them.

If this money has been squandered on foolish and unnecessary programs in the past, the blame should be shouldered by the Congressmen who have been allowing it to happen.

But to have the unmitigated gall to say "You cannot retire until we say so" and at reduced benefits at that—That's too much!

Remember, the same people who voted you in can also vote you out.

Sincerely,

ANITA AND FELIX KORHEL,
Glendale, Ariz.

P.S. If you put the age bracket high enough and the benefits low enough perhaps we'll

just die of old age or starvation and that of course, will solve everything, won't it?

MAY 13, 1981.

Hon. DENNIS DECONCINI,
Washington, D.C.

DEAR SIR: I feel it is my duty as a private citizen to protest the change in the social security bill, where people have to take such a reduction in benefits if they retire at age 62. It is grossly unfair when the senators are granted an increase in travel expenses.

There are many other ways to cut expenses and begin in Washington, D.C. The traveling of the officials cut be greatly reduced instead of increasing their travel expenses. I know this will not do any good for the working person but I had to voice my opinion.

Sincerely,

Mrs. BEULAH MORGENTHALER,
Phoenix, Ariz.

MAY 13, 1981.

Hon. DENNIS DECONCINI,
U.S. Senate,
Washington, D.C.

DEAR SIR: The President's proposal to suddenly reduce social security payments for age 62 retirees beginning January 1, 1982, is unfair to those who have made irreversible plans at this point.

In my case I retired at age 59½ and will be 62 on February 5, 1982. At that time my private pension will be reduced by an amount that assumed I would be drawing 80 percent social security benefits at age 62. This reduction will take place even if I delay drawing benefits until I am 65. This was a plan worked out between IRS and my employer and the amount of the reduction was set at my retirement.

Millions of others have identical annuity plans and in fairness to those who had already retired when the President announced his proposal, these people should be excepted from the proposed decrease.

Respectfully yours,

J. C. RHODES,
Sun City West, Ariz.

MAY 15, 1981.

Hon. DENNIS DECONCINI,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DECONCINI: Regarding the Reagan proposal to change the Social Security Law, by decreasing the benefits should a person decide to retire at age sixty-two (62), instead of sixty-five (65).

I feel this is like changing the rules of a game between the 7th and 8th inning or the 3rd and 4th quarter. I am certain other changes regarding double and triple dippers would be more effective in saving money. One good example comes to mind, is to stop paying social security to convicted criminals.

Also, I feel the stipulation in the disability law which prevents a person from receiving benefits, who has not worked in the previous 5 years prior to becoming disabled, is grossly unfair.

Case in Point—My late wife, Mictoria Wickline, who died October 8, 1980. She earned nearly $100,000.00 during her lifetime, but after becoming disabled in September 1978, was denied benefits due to the 5 year stipulation. Had she been able to receive some benefits, better medical attention may have saved her life. She never received one red cent in benefits for all the money she contributed.

Of course I received the lump sum payment of $255.00 death benefit, that took four months to get here after her death.

I shall follow with interest how you vote on this proposed reduction of benefits for senior citizens that are reaching the social security age. To pass such a bill would be devastating to senior citizens. If you support the Reagan plan, then I am afraid that I will not be able to support you for Senator for the state of Arizona, should you decide to run for re-election.

Sincerely,

PAUL E. WICKLINE,
Tucson, Ariz.

Mr. MOYNIHAN. Mr. President, I believe it is particularly appropriate that the Senator from Arizona spoke as he did, because he represents, as he has observed, a State to which a great many Americans have chosen to retire, with the understanding that they would have a financial base. This understanding is now forced open to question. I thank him for his careful, moderate, serious statement.

Mr. President, I observe that this debate began about 10 o'clock this morning, and it is now 2 p.m. We have yet to hear a single word spoken in opposition to this amendment—not one word in opposition.

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

Mr. MOYNIHAN. This augurs well. It says something—that silence.

I wonder whether the Senator will allow me to yield to the Senator from Washington, and then I will yield the floor to him.

Mr. DOLE. I just want to say, briefly, that we are very happy to speak to the proposal, if we can be recognized.

Mr. MOYNIHAN. Do I correctly interpret that to mean that the Senators on the other side of the aisle would be happy to talk to the proposal if they had something to say?

Mr. DOLE. We have volumes.

Mr. MOYNIHAN. There has been a conspicuous absence of debate by your Members. I would welcome hearing the volumes spoken.

Mr. BAKER. That is not because there is lack of merit for our arguments but because of the intimidation of the Senator from New York.

Mr. MOYNIHAN. I had better stop right now.

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

Mr. MOYNIHAN. I yield to the distinguished Senator from Washington.

Mr. JACKSON. Mr. President, I yield to the distinguished majority leader.

Mr. BAKER. I thank the Senator from Washington.

Mr. President, earlier today, I inquired of the distinguished minority leader and the managers of this bill as to the possibility of arriving at a satisfactory arrangement for the disposition of the almost 400 committee amendments that remain to be disposed of.

ADOPTION OF COMMITTEE AMENDMENTS EN BLOC WITH CERTAIN EXCEPTIONS

I have consulted at length with a number of Senators, and I ask now of the distinguished minority leader if we might be in a position to proceed to the consideration of the committee amendments en bloc and the adoption of these amendments and consider them as original text for the purpose of further amendment, with certain exceptions. I ask the minority leader if we might proceed on that basis at this time.

Mr. ROBERT C. BYRD. Mr. President, the answer is in the affirmative, with the following exceptions:

(Mr. ABDNOR assumed the chair.)

On page 31, the language under "Chapter IV, operating expenses, energy supply, research and development activities."

On page 33, under "Plant and capital equipment, energy supply, research and development activities."

On page 68, the paragraph titled "Energy conservation."

Mr. BAKER. Mr. President, I thank the distinguished minority leader.

Before I put the request, I point out that there would be a requirement on this side that we except on page 40, lines 4 and 5, the committee amendment dealing with IDA, for the purpose of amendment.

I inquire about amendment No. 5, as first identified by the minority leader. It is my understanding that the amendments are not numbered. Can the distinguished minority leader tell us the page and, if possible, the line number of the material?

Mr. ROBERT C. BYRD. It would be the fifth amendment. Looking at page 2, there are two amendments; page 3, the third, fourth, and fifth.

I should like the Chair to ascertain through the Parliamentarian if this is correct. It would be the amendment appearing on line 13 of page 3. Am I correct?

The PRESIDING OFFICER. That is correct.

Mr. BAKER. So the first request would be to except from consideration en bloc the amendment appearing at line 13 on page 3 of the bill as reported.

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. All right.

Mr. President, I ask of the distinguished chairman of the Appropriations Committee if this arrangement is satisfactory to him.

I understand that it is; also, to the distinguished manager on behalf of the minority or the minority leader.

I assume that there are no further requests. In that event, I ask unanimous consent that the Senate proceed to the consideration of the committee amendments en bloc; that the amendments upon adoption be considered as original text for the purpose of further amendment; that no point of order shall be waived by such action, excepting and excluding therefrom the amendment appearing on line 13, page 3; on page 31, dealing with energy, research and development; page 33, dealing with energy, plant, and capital equipment; page 68, dealing with energy conservation; on page 40, lines 4 and 5, dealing with IDA.

I ask unanimous consent that those amendments not be included in the consideration of the other committee amendments en bloc as heretofore requested.

Also, I ask unanimous consent that the status of the provisions heretofore made for the consideration of the committee amendment dealing with the so-called Hyde-Helms amendment not be changed, as provided for in the agreement of yesterday; that the committee amendment dealing with the so-called Ashbrook amendment not be affected by this request and remain intact, as provided for yesterday.

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

The committee amendments agreed to en bloc are as follows:

On page 2, line 20, strike "$7,000,000" through and including line 22, and insert "$13,250,000";

On page 3, strike line 4, "(DEFERRALS)" and insert "(RESCISSION)";

On page 3, line 8, strike "may", through and including "1981" on line 9, and insert "are rescinded";

On page 3, strike line 14 through and including line 18;

On page 4, line 5, strike "AND RESCISSIONS";

On page 4, line 9, strike "and", through and including "rescinded" on line 10;

On page 4, strike line 18, through and including line 24;

On page 5, strike line 18, "(DEFERRAL)" and insert "(RESCISSION)";

On page 5, line 22, beginning with "may", strike through and including "1981" on line 23, and insert "are rescinded";

On page 6, strike line 2, "(DEFERRAL)" and insert "(RESCISSION)";

On page 6, beginning on line 6, strike "may" through and including "1981" on line 7, and insert "are rescinded";

On page 6, strike line 9, through and including line 17;

On page 7, line 19, strike "$181,350,000" and insert "$187,850,000";

On page 8, after line 13, insert the following:

Provided, That no funds available to this agency shall be used to either reduce or plan for a reduction in full-time permanent employment of less than twelve thousand five hundred and eighty (12,580).

On page 8, line 20, strike "$26,236,000" and insert "$22,645,000";

On page 8, line 25, strike "$9,000,000", and insert "$11,000,000";

On page 8, after line 25, insert the following:

COASTAL ZONE MANAGEMENT

For an additional amount for "Coastal Zone Management," $40,000,000, to be derived by transfer from "Coastal Energy Impact Fund", to remain available until expended.

On page 9, strike line 5 through and including line 9;

On page 9, after line 9, insert the following:

PROMOTE AND DEVELOP FISHERY PRODUCTS AND RESEARCH PERTAINING TO AMERICAN FISHERIES

(DISAPPROVAL OF DEFERRAL)

The Congress disapproves the proposed deferral D81-105, relating to Department of Commerce, National Oceanic and Atmospheric Administration, "Promote and Develop Fishery Products and Research Pertaining to American Fisheries", as set forth in the message of April 27, 1981, which was transmitted to the Congress by the President. This disapproval shall be effective upon the enactment into law of this bill.

On page 10, line 6, after "$1,900,000" insert "of which $450,000 is";

On page 10, strike line 17, through and including line 21;

On page 11, line 6, strike "$12,858,000" and insert "$4,000,000";

On page 11, after line 7, insert the following:

SHIP CONSTRUCTION

(DISAPPROVAL OF DEFERRAL)

The Congress disapproves $55,000,000 of the proposed deferral D81-80 relating to the Department of Commerce, Maritime Administration, "Ship Construction" as set forth in the message of March 10, 1981, which was transmitted to the Congress by the President. The disapproval shall be effective upon the enactment into law of this bill and the amount of the proposed deferral disapproved herein shall be made available for obligation.

On page 12, line 21, strike "INCLUDING";

On page 12, beginning on line 23, strike "$8,131,000, of which"

On page 12, line 24, strike "shall" and insert "to";

On page 12, after line 25, insert the following:

FEES AND EXPENSES OF WITNESSES

(TRANSFER OF FUNDS)

For an additional amount for "Fees and Expenses of Witnesses", $6,500,000; to be derived by transfer from Antitrust Division, "Salaries and expenses", $1,569,000; United States Attorneys and Marshals, "Salaries and expenses", $2,000,000; and Office of Justice Assistance, Research, and Statistics, "Law Enforcement Assistance", $2,931,000.

On page 13, line 13, strike "$12,203,000", and insert "$13,687,000";

On page 13, line 16, beginning with "Provided", strike through and including line 25;

On page 14, line 5, strike "$8,869,000", and insert "$9,519,000";

On page 14, after line 19, insert the following:

FEDERAL PRISON SYSTEM

SALARIES AND EXPENSES

(DISAPPROVAL OF DEFERRAL)

The Congress disapproves the proposed deferral D81-86 relating to the Department of Justice, Federal Prison System, "Salaries and expenses" as set forth in the message of March 10, 1981, which was transmitted to the Congress by the President. This disapproval shall be effective upon enactment into law of this bill and the amount of the proposed deferral disapproved herein shall be made available for obligation.

On page 15, line 14, before "TRANSFER", insert "INCLUDING";

On page 15, line 16, before "$3,000,000", insert "$1,475,000, and";

On page 17 line 22, strike "$585,000", and insert "$645,000";

On page 18, after line 2, insert the following:

BANKRUPTCY COURTS, SALARIES AND EXPENSES

(TRANSFER OF FUNDS)

For an additional amount for "Salaries and expenses", $2,000,000, to be derived by transfer from "Space and facilities".

On page 18, beginning with line 22, strike through and including page 19, line 3, and insert the following:

Notwithstanding section 8(b) of the Board for International Broadcasting Act of 1973, not to exceed $4,500,000 of the amounts placed in reserve pursuant to that section, or which would be placed in reserve pursuant to that section, shall be available to the Board for carrying out that Act.

On page 19, line 12, strike "$8,957,000", and insert "$7,357,000";

On page 19, after line 19, insert the following:

DEPARTMENT OF THE TREASURY

BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

FISHERMAN'S PROTECTIVE FUND

For payment to the Fishermen's Protective Fund, in accordance with section 5 of the Public Law 92-569 approved October 26, 1972, $8,300,000, to remain available until expended.

On page 20, after line 9, insert the following:

SALARIES AND EXPENSES

(TRANSFER OF FUNDS)

For an additional amount for "Salaries and expenses", $650,000, to be derived by transfer from "Salaries and expenses (special foreign currency program)".

SALARIES AND EXPENSES (SPECIAL FOREIGN CURRENCY PROGRAM)

(DISAPPROVAL OF DEFERRAL)

The Congress disapproves $650,000 of the proposed deferral D81-75 relating to the International Communication Agency, "Salaries and expenses (special foreign currency program)" as set forth in the message of February 13, 1981, which was transmitted to the Congress by the President. This disapproval shall be effective upon enactment into law of this bill.

On page 21, strike line 7, through and including line 12;

On page 21, strike line 14, through and including line 21;

On page 21, line 24, after "disapproves", insert "$9,900,000";

On page 22, after line 15, insert the following:

MILITARY PERSONNEL, ARMY

For an additional amount for "Military personnel, Army", $15,400,000.

On page 22, line 21, strike "$305,329,000" and insert "$297,289,000";

On page 22, line 25, strike "$36,150,000" and insert "$49,250,000";

On page 23, line 5, strike "$152,100,000" and insert "$142,700,000";

On page 23, line 21, strike "$327,049,000" and insert "$509,699,000";

On page 24, line 5, strike "$402,899,000" and insert "$606,555,000";

On page 24, line 16, strike "$45,060,000" and insert "$56,906,000";

On page 24, line 22, strike "$779,118,000" and insert "$949,880,000";

On page 25, line 3, strike "$67,675,000" and insert "$112,475,000";

On page 25, line 12, strike "$16,700,000" and insert "$14,800,000";

On page 25, line 15, strike "$12,113,000" and insert "$21,737,000";

On page 25, line 21, strike "$24,300,000" and insert "$26,400,000";

On page 26, line 3, strike "$26,400,000" and insert "$25,650,000";

On page 26, line 9, strike "$66,200,000" and insert "$77,400,000";

On page 26, after line 12, insert the following:

CLAIMS, DEFENSE

For an additional amount for "Claims, Defense", $49,000,000.

On page 26, line 19, strike "$105,000,000", and insert $150,600,000";

On page 26, line 23, strike "$25,100,000" and insert "$54,140,000";

On page 27, line 5, strike "$796,000,000" and insert "$859,020,000";

On page 27, line 9, strike "$12,700,000" and insert "$37,160,000";

On page 27, line 13, strike "$523,400,000" and insert "$693,580,000".

On page 27, line 14, beginning with "; and", strike through and including line 17;

On page 27, line 20, strike "$117,1000,000" and insert "$146,400,000";

On page 27, after line 21, insert the following:

WEAPONS PROCUREMENT, NAVY

For an additional amount for "Weapons procurement, Navy 1981/1983", $51,200,000, to remain available for obligation until September 30, 1983.

On page 28, line 3, strike "$156,900,000", and insert "$237,800,000";

On page 28, line 4, strike "$149,900,000", and insert "$152,400,000";

On page 28, line 5, after the semicolon, insert the following:

"$21,800,000 for the LSD-41 program";

On page 28, line 6, beginning with "$89,000,000" strike through and including line 9";

On page 28, line 10, strike "$26,200,000" and insert "$9,800,000";

On page 28, line 11, strike "$3,300,000" and insert "and $53,800,000";

On page 28, line 12, after "program,", insert the following:

"to remain available for obligtaion until September 30, 1985";

On page 28, line 13, beginning with "$2,100,000", strike through and including line 16;

On page 28, after line 16, insert the following:

OTHER PROCUREMENT, NAVY

For an additional amount for "Other procurement, Navy 1981/1983", $56,700,000, to remain available for obligation until September 30, 1983.

On page 28, line 23, strike "$19,200,000" and insert "$28,600,000";

On page 29, line 3, strike "$739,885,000", and insert "$965,125,000";

On page 29, line 7, strike "$164,663,000" and insert "$275,869,000";

On page 29, line 11, strike "$138,206,000" and insert "$218,206,000";

On page 29, line 15, strike "$16,436,000", and insert "$21,436,000";

On page 29, line 23, strike "$17,150,000", and insert "$127,650,000";

On page 30, line 4, strike "$101,664,000", and insert "$211,407,000";

On page 30, line 10, strike "$285,127,000", and insert "$423,706,000";

On page 30, line 17, strike "$30,763,000", and insert "$74,958,000";

On page 31, strike line 1, through and including line 11;

On page 32, strike line 8, through and including line 14;

On page 32, strike line 19, through and including page 33, line 2;

On page 37, strike line 5, through and including line 11;

On page 37, line 19, strike "$25,000,000" and insert "$110,000,000";

On page 37, strike line 20, through and including page 38, line 6;

On page 38, line 13, strike "$85,500,000", and insert "$177,500,000";

On page 38, strike line 15 through and including line 21;

On page 39, line 5, strike "$7,288,000", and insert "$5,000,000";

On page 39, after line 6 insert the following:

Not to exceed $2,288,000 of the unobligated balances of the Water Resources Council, as of the date of enactment of this Act, shall be reprogramed for grants to the States provided under the authority of title III of the Water Resources Planning Act (42 U.S.C. 1962 et seq.)

On page 41, after line 20, insert the following:

CONTRIBUTION TO THE INTERNATIONAL FINANCE CORPORATION

(RESCISSION)

Of the funds made available for this account by Public Law 96-536, $33,447,900 are rescinded.

On page 41, after line 20, insert the following:

American Schools and Hospitals Abroad (Foreign Currency Program): For necessary expenses as authorized by section 612 of the Foreign Assistance Act of 1961 $14,300,000 in foreign currencies which the President determines to be excess to the normal requirements of the United States, which shall be available only for the American University in Cairo, Egypt, to remain available until expended.

On page 42, line 5, strike "$1,500,000", and insert "$2,000,000";

On page 42, line 13, strike "$8,651,000", and insert "$10,476,000";

On page 42, strike line 14, through and including line 25;

One page 43, line 14, strike "$2,600,000", and insert "$13,285,000";

On page 43, line 23, strike "$5,524,000,000", and insert "$5,398,000,000";

On page 44, strike line 9, through and including line 17, and insert the following:

Of the amounts of additional contract authority provided under this head in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, as authorized by section 5 of the United States Housing Act of 1937, $15,000,000 for modernization of existing low-income housing projects, $30,611,609 for existing units under section 8, including section 8(j), of such Act, $187,852,148 for newly constructed and substantially rehabilitated units assisted under such Act and $5,260,384,150 of budget authority, are rescinded.

On page 47, line 1, strike "$101,000,000", and insert "$121,000,000";

On page 47, strike line 4, through and including line 11;

On page 48, strike line 5, through and including line 10;

On page 48, line 17, after "available", insert the following: *Provided*, that $501,500 of funds appropriated for Community Development Grants in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, shall be available from the Secretary's Discretionary Fund to fully fund the balance of the grant commitments made for the nine Neighborhood Self-Help Development projects approved after September 30, 1980, and before March 17, 1981.

On page 49, line 14, strike "$849,300", and insert "$149,300";

On page 49, line 20, strike "$6,731,000", and insert "$1,253,100";

On page 50, strike line 17, through and including page 51, line 11, and insert the following:

Of the funds appropriated under this head, $1,700,000,000 in the Department of Housing and Urban Development-Independent Agencies Appropriation Acts, 1980 and 1981, are rescinded. Of the amount rescinded, and to the extent available, $1,000,000,000 should be rescinded from the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1980, and $700,000,000 should be rescinded from the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981. The reduction in each appropriation will be distributed among the States according to the allotment formula specified in section 205(c) of Public Law 92-500, as amended by Public Law 95-217. Whenever a State's share of the reduction from an appropriation, as determined by the formula, is greater than its unobligated balance for that appropriation, as determined by the Administrator of the Environmental Protection Agency upon the date of enactment of this bill, the shortfall will be distributed according to the allotment formula among all the States which still have funds remaining from that appropriation. This process of distributing the shortfall will continue until the amount of the reduction has been allocated among the States.

On page 53, line 7, strike "$8,000,000", and insert "$20,000,000";

On page 53, line 14, strike "$4,500,000", and insert "$37,900,000";

On page 53, strike line 19, through and including line 25, and insert the following:

Of the funds appropriated under this head in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1980, and the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, $29,990,000 are rescinded.

On page 54, line 8, strike "$19,700,000", and insert "$6,700,000";

On page 54, strike line 12, through and including page 55, line 7, and insert the following:

Of the funds appropriated under this head in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, $37,500,000 are rescinded, and of the amounts remaining for research and related activities under Public Law 96-526: (1) not more than $18,053,000 shall be available for earthquake hazards mitigation; (2) not more than $1,240,000 shall be available for the establishment and operation of three university-based Innovation Centers; (3) not more than $2,800,000 shall be available for grants to two-year and four-year colleges for equipment and instrumentation costing $35,000 or less; (4) not more than $300,000 shall be available for small business innovation for projects to aid the handicapped; and (5) not more than $1,400,000 shall be available for special programs for women and minorities in science and technology. None of these funds shall be available for separately targeted programs for appropriate technology, science faculty improvement programs for two-year and four-year college faculty research participation, and research opportunity grants and visiting professorships for women.

On page 56, line 7, strike "$10,000,000", and insert "$16,000,000";

On page 56, line 12, strike "$500,000", and insert "$1,200,000";

On page 56, after line 20, insert the following:

DEPARTMENT OF THE TREASURY

INVESTMENT IN NATIONAL CONSUMER COOPERATIVE BANK

(RESCISSION)

Of the funds appropriated under this head in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, $59,849,284 are rescinded.

During 1981, within the resources available, gross obligations of the National Consumer Cooperative Bank Fund for the principal amount of direct loans shall not exceed $55,949,284. No further commitments to guarantee loans shall be made.

On page 57, line 17, strike "$973,600,000", and insert "$990,000,000";

On page 57, line 21, strike "$217,500,000", and insert "$217,000,000";

On page 58, line 3, strike "$4,740,000", and insert "$3,555,000";

On page 58, strike line 8, through and including line 14;

On page 58, after line 14, insert the following:

MEDICAL CARE

(RESCISSION)

Of the funds appropriated under this head in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981 and prior years, $25,789,000 are rescinded.

On page 58, strike line 21, through and including page 59, line 12;

On page 59, strike "$162,160,000", and insert "$165,760,000";

On page 59, strike line 19, through and including page 60, line 2;

On page 60, after line 13, insert the following:

ADMINISTRATIVE PROVISION

No part of any appropriation contains in this Act for departments and agencies funded in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, for personnel compensation and benefits shall be available for other object classifications set forth in the budget estimates submitted for the appropriations without the approval of the Committees on Appropriations.

On page 61, line 6, strike "$55,200,000", and insert "$56,353,000";

On page 61, strike line 7, through and including line 12;

On page 61, strike line 15;

On page 61, line 19, beginning with "$3,610,000", strike through and including "1983" on line 21, and insert the following:

"$11,800,000 are rescinded"

On page 61, line 25, strike "$2,000,000", and insert "$2,750,000";

On page 62, line 9, beginning with "$4,128,000", strike through and including "94-565" on line 11, and insert the following: "$800,000";

On page 62, after line 11, insert the following:

URBAN PARK AND RECREATION FUND

(RESCISSION)

Of the funds appropriated under this head in the Department of the Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514), and previous Interior Department Appropriations Acts, $35,000,000 are rescinded.

On page 62, strike line 20, through and including line 21; and insert the following:

(RESCISSION)

Of the funds appropriated under this head in the Department of the Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514), $150,000,000 are rescinded in the following amounts: $95,000,000 for payments to the States; $55,000,000 combined amounts for the Bureau of Land Management; Forest Service, the United States Fish and Wildlife Service, the National Park Service, and for Pinelands National Reserve: *Provided*, That notwithstanding the provisions of section 6 of the Land and Water Conservation Fund Act, as amended, the unobligated balance of the contingency reserve and of funds appropriated and apportioned for the various States and unobligated upon the date of enactment of this Act shall be made available to the States in the most equitable means practicable, in the judgment of the Secretary, consistent with the general purposes of the Land and Water Conservation Fund Act.

On page 63, strike line 15, through and including line 16, and insert the following:

(RESCISSION)

Of the funds appropriated under this head in the Department of the Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514), and previous Department of the Interior Appropriations Acts, $8,000,000 are rescinded.

On page 64, line 5, strike "$15,500,000", and insert "$11,423,000";

On page 64, line 14, strike "AND DEFERRAL";

On page 64, line 17, strike $1,954,000", and insert "$8,954,000";

On page 64, line 18, beginning with "and", strike through and including line 20;

On page 65, line 18, strike "$30,000,000", and insert "$38,194,000";

On page 65, line 19, after "rescinded", insert the following: *Provided*, That nothing contained in this or any other Act shall be construed to invalidate any existing obligation for the program: *Provided further*, That of the remaining unobligated balance of the 1981 appropriation, $10,758,000 shall be available for Federal management and orderly close out of the program.

On page 66, strike line 1, through and including line 5;

On page 66, line 14, strike "$78,442,000", and insert "$62,542,000";

On page 66, line 16, after "Service", insert the following: *Provided*, That section 14(i) of the National Forest Management Act of 1976 (Public Law 94-588) may be waived at the discretion of the Secretary if he determines that such action will facilitate the salvage of timber damaged by the eruption of Mount Saint Helens: *Provided further*, That all funds appropriated in the Department of the Interior and Related Agencies Appropriation Act, 1981 (Public Law 96-514), for timber management and any related activities, including roads, on the Tongass National Forest, Alaska that are replaced by funds provided under the authority of section 705(a) of the Alaska National Interest Lands Conservation Act (Public Law 96-487) shall be used to facilitate timber salvage activities in the Mount Saint Helens volcano area, including roads.

On page 67, after line 10, insert the following: "and of the funds provided under this head in Public Law 96-126, $875,000,000 for the Solar and Conservation Reserve are rescinded."

On page 67, line 18, after "(Public Law 96-514)", insert the following: "$66,850,000 are rescinded and"

On page 67, line 19, strike "$60,536,000", and insert "$6,000,000";

On page 67, line 25, after "(Public Law 96-514)", insert the following: "$89,400,000 are rescinded and";

On page 68, line 1, strike "$224,400,000", and insert "$235,000,000";

On page 68, strike line 5 ,"(DEFERRAL)", and insert "(RESCISSION)";

On page 68, line 9, beginning with "$7,248,000", strike through and including "1981," on line 10;

On page 68, line 10, beginning with "of", strike through and including "head" on line 11";

On page 68, line 12, beginning with "$3,500,000", strike through and including "1981," on line 14, and insert the following: "$13,248,000 are rescinded";

On page 69, line 5, after "(Public Law 96-514)", insert the following: "$39,167,000 are rescinded and"

On page 69, line 6, strike "$61,967,000", and insert "$16,200,000";

On page 69, strike line 10;

On page 69, line 12, strike all after "expended" through and including line 22;

On page 70, line 5, strike "$11,700,000", and insert "$14,000,000";

On page 70, line 13, strike "$220,600,000", and insert "$250,600,000";

On page 70, line 14, strike "$195,900,000", and insert "$218,900,000";

On page 70, strike line 16, through and including line 24;

On page 71, strike line 5, through and including line 6, and insert the following:

Notwithstanding the provisions of the Act of December 12, 1980 (Public Law 96-514), not to exceed $4,785,000 of the amounts collected by the Secretary of Health and Human Services under the authority of title IV of the Indian Health Care Improvement Act shall be available for planning and design of new and replacement facilities.

On page 71, strike line 14, through and including line 15, and insert the following:

(RESCISSION)

Of the funds appropriated under this head in the Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514), $8,871,000 are rescinded.

On page 71, after line 19, insert the following:

DEPARTMENT OF EDUCATION

DEPARTMENTAL MANAGEMENT

INSTITUTE OF MUSEUM SERVICES

(RESCISSION)

Of the funds appropriated under this head in the Interior and Related Agencies Appropriations Act, 1981 (Public Law 96-514), $12,357,000 are rescinded.

On page 72, strike line 8, through and including line 12;

On page 72, strike line 20, through and including line 22;

On page 73, after line 3, insert the following:

EMPLOYMENT AND TRAINING ASSISTANCE

(RESCISSION)

Of the funds provided for "Employment and Training Assistance" for fiscal year 1981 in Public Law 96-536, as amended, $100,000,000 are rescinded: *Provided*, That not withstanding any other provision of law, $696,000,000 shall be available for the Youth Employment and Training Program authorized under title IV, part A, subpart 3, of the Comprehensive Employment and Training Act: *Provided further*, That notwithstanding any other provision of law, $70,136,000 shall be available for title II, part A, section 202(e), of the Comprehensive Employment and Training Act.

On page 72, after line 24, insert the following:

LABOR-MANAGEMENT SERVICES ADMINISTRATION

SALARIES AND EXPENSES

(RESCISSION)

Of the funds provided for "Salaries and Expenses" for fiscal year 1981 in Public Law 96-536, as amended, $570,000 are rescinded.

On page 72, after line 7, insert the following:

SALARIES AND EXPENSES

(RESCISSION)

Of the funds provided for "Salaries and Expenses" for fiscal year 1981 in Public Law 96-536, as amended, $406,000 are rescinded.

On page 74, after line 16, insert the following:

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

(RESCISSION)

Of the funds provided for "Salaries and Expenses" for fiscal year 1981 in Public Law 96-536, as amended, $920,000 are rescinded.

MINE SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

(RESCISSION)

Of the funds provided for "Salaries and Expenses" for fiscal year 1981 in Public Law 96-536, as amended, $660,000 are rescinded.

BUREAU OF LABOR STATISTICS

SALARIES AND EXPENSES

(RESCISSION)

Of the funds provided for "Salaries and Expenses" for fiscal year 1981 in Public Law 96-536, as amended, $160,000 are rescinded.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

(RESCISSION)

Of the funds provided for "Salaries and Expenses" for fiscal year 1981 in Public Law 96-536, as amended, $300,000 are rescinded.

On page 75, line 25, strike "$45,679,000", and insert "$56,383,000";

On page 76, line 1, after the colon, insert the following: $56,383,000 are rescinded: *Provided*, That not more than $126,242,000 shall be available under this head for operation of Public Health Service hospitals and clinics.

On page 76, after line 5, insert the following:

For an additional amount of "Preventive Health Services", $2,000,000 to remain available until expended: *Provided*, That these funds are to be derived from unobligated balances provided under Public Law 94-226 for National influenza immunization.

On page 76, line 14, strike "$43,975,000", and insert "$61,076,000";

On page 76, line 16, strike "$11,400,000", and insert "$9,400,000";

On page 76, line 22, strike "$7,730,000", and insert "$14,264,000";

On page 77, line 5, strike "$10,131,000", and insert "$11,325,000";

On page 77, after line 5, insert the following:

NATIONAL INSTITUTE OF DENTAL RESEARCH

(RESCISSION)

Of the funds provided for "National Institute of Dental Research" for fiscal year

1981 in Public Law 96-536, as amended, $347,000 are rescinded.

On page 77, line 16, strike "$2,316,000", and insert "$3,237,000";

On page 77, line 23, strike "$2,456,000", and insert "$1,791,000";

On page 78, line 5, strike "$2,757,000", and insert "$1,720,000";

On page 78, line 11, strike "$3,335,000", and insert "$3,360,000";

On page 78, line 17, strike "$2,619,000", and insert "$2,381,000";

On page 78, line 23, strike "$3,455,000"; and insert "$4,056,000";

On page 79, line 5, strike "$598,000", and insert "$659,000";

On page 79, line 10, strike "$8,623,000", and insert "$10,561,000";

On page 79, after line 10, insert the following:

JOHN E. FOGARTY INTERNATIONAL CENTER FOR ADVANCED STUDY IN THE HEALTH SCIENCES

(RESCISSION)

Of the funds provided for "John E. Fogarty International Center for Advanced Study in the Health Sciences" for fiscal year 1981 in Public Law 96-536, as amended, $500,000 are rescinded.

NATIONAL LIBRARY OF MEDICINE

(RESCISSION)

Of the funds provided for "National Library of Medicine" for fiscal year 1981 in Public Law 96-536, as amended, $341,000 are rescinded.

OFFICE OF THE DIRECTOR

(RESCISSION)

Of the funds provided for "Office of the Director" for fiscal year 1981 in Public Law 96-536, as amended, $360,000 are rescinded.

On page 80, line 12, strike "$80,244,000", and insert "$144,244,000";

On page 80, line 24, strike "$180,934,000", and insert "$154,854,000";

On page 81, line 4, strike "$40,000,000", and insert "$37,700,000";

On page 81, line 11, strike "$37,630,000", and insert "$38,270,000";

On page 81, line 17, strike "$4,346,000", and insert "$6,520,000";

On page 81, line 22, strike "$3,996,000", and insert "$8,694,000";

On page 82, line 2, strike "$12,322,000", and insert "$20,349,000";

On page 82, after line 3, insert the following:

LIMITATION ON ADMINISTRATIVE EXPENSES

The amount available to process workloads not anticipated in the budget estimates and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of titles XVI and XVIII and section 221 of the Social Security Act, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved, is increased to $80,000,000.

LOW INCOME ENERGY ASSISTANCE

(RESCISSION)

Of the funds provided for "Low Income Energy Assistance" for fiscal year 1981 in Public Law 96-536, as amended, $500,000 are rescinded.

On page 82, line 22, strike "74,805,000", and insert "$41,805,000";

On page 82, after line 22, insert the following:

CUBAN AND HAITIAN ENTRANTS RECEPTION AND PROCESSING

(RESCISSION)

Of the funds provided for "Cuban and Haitian Entrants Reception and Processing" for fiscal year 1981 in Public Law 96-536, as amended, $20,000,000 are rescinded.

CUBAN AND HAITIAN ENTRANTS

DOMESTIC ASSISTANCE

For an additional amount for "Cuban and Haitian Entrants Domestic Assistance", $6,000,000, to remain available until September 30, 1982, for education expenses pursuant to section 501(a) of the Refugee Education Assistance Act of 1980: *Provided*, That no funds shall be provided to any school district with fewer than 10,000 eligible students.

On page 84, line 5, strike "$5,100,000", and insert "$24,700,000";

On page 84, after line 5, insert the following:

DEPARTMENTAL MANAGEMENT

POLICY RESEARCH

(RESCISSION)

Of the funds provided for "Policy Research" for fiscal year 1981 in Public Law 96-536, as amended, $2,500,000 are rescinded.

On page 84, line 16, strike "$351,477,000", and insert "$463,885,000";

On page 84, line 17, strike "$9,140,000", and insert "$51,400,000";

On page 84, line 19, strike "$5,100,000", and insert "$12,750,000";

On page 84, line 22, strike "$500,000"; and insert "$3,000,000";

On page 84, line 23, strike "and", through and including "506" on line 24;

On page 85, line 2, strike "$130,500,000", and insert "$71,070,000";

On page 85, line 3, strike "$259,200,000", and insert "$273,600,000";

On page 85, line 4, strike "$148,500,000", and insert "$156,750,000";

On page 85, line 8, after the colon, insert the following:

Provided further, That notwithstanding the provision of sections 404(a)(9) and 523(c), none of the funds appropriated for title IV, part C of the Elementary and Secondary Education Act may be expended for the purposes of title V, part B of such Act: *Provided further*, That any reductions required in title IV, part C and title V, part B, of the Elementary and Secondary Education Act shall be proportionate among the States.

On page 86, line 7, strike "$36,876,000", and insert "$131,719,000";

On page 86, line 12, strike "$21,375,000", and insert "$10,000,000";

On page 86, line 14, after "Act,", insert the following: $4,988,000 of the amount provided for title II, part A of the Higher Education Act, and $500,000 of the amount provided for title II, part B of the Higher Education Act

On page 86, line 25, strike "$68,719,000", and insert "$89,995,000";

On page 87, line 1, strike "$21,875,000", and insert "$25,000,000";

On page 87, line 9, strike "$7,875,000", and insert "$18,723,000";

On page 87, line 9, after "rescinded: ", insert the following: *Provided*, That notwithstanding other provisions of law, the appropriation for section 112 of the Rehabilitation Act of 1973 shall be $2,800,000: *Provided further*, That $650,000 provided under this head in Public Law 96-536, as amended, for carrying out section 130 of the Rehabilitation Act of 1973 shall be made available to the Navajo Tribal Council.

On page 87, line 20, strike "$76,236,000", and insert "$124,201,000";

On page 87, line 22, strike "$15,000,000", and insert "$20,000,000";

On page 87, line 24, strike "$2,500,000", and insert "$5,000,000";

On page 88, line 1, strike "$4,431,000", and insert "$6,862,000";

On page 88, line 3, strike "$904,000", and insert "$3,617,000";

On page 88, line 7, strike "$93,323,000", and insert "$118,576,000;

On page 88, line 8, after "Act", insert the following: *Provided further*, That not to exceed $7,477,000 shall be for carrying out part B, subpart 2 of the Vocational Education Act: *Provided further*, That notwithstanding the provisions of subpart 1, section 103, $2,243,100 shall be made available for the National Occupational Information Coordinating Committee: *Provided further*, That payments for State Advisory Councils shall be made in accordance with section 105: *Provided further*, That the $3,138,000 remaining for title VIII of the Elementary and Secondary Education Act shall be used for the purpose of carrying out sections 809, 810, and 812 of the Act.

On page 88, line 23, strike "$661,000,000", and insert "$391,000,000";

On page 88, line 24, strike "Provided", through and including page 89, line 2;

On page 89, line 3, strike "further;";

On page 89, line 6, after "expenses", insert the following: *Provided further*, That with funds appropriated herein and in the 1981 Continuing Resolution, Public Law 96-536, as amended, eligibility for a Pell grant in academic year 1981-82 shall be based on a maximum grant of $1,750, notwithstanding section 411(a)(2)(A)(1)(I) of the Higher Education Act: *Provided further*, That notwithstanding section 411(b)(3)(B)(i) each Pell grant be reduced by $100 after taking the cost of attendance limitation of section 411(a)(2)(B)(i) into account: *Provided further*, That the cost of attendance used for calculating eligibility for and amount of Pell grants shall be established by the Secretary of Education: *Provided further*, That notwithstanding any other provisions of law, of the sums appropriated pursuant to section 461(b)(1) of the Higher Education Act of 1965 for purposes of the fiscal year ending September 30, 1981, the Secretary shall apportion to each State an amount that bears the same ratio to the total amount of such sums as the amount received by the State under section 462(a)(1) of the Act in fiscal year 1980 bears to the sum of such amounts for all the States.

On page 90, strike line 2, through and including line 3, and insert the following:

No amounts provided herein or under Public Law 96-86 or Public Law 96-536 shall be reserved for, or paid to, educational institutions to meet administrative expenses.

On page 90, line 11, strike "are rescinded", and insert the following: of the Higher Education Act are rescinded, and of the amount made available under this head in Public Law 96-536, as amended, for fiscal year 1981, $12,800,000 of the amount provided for title I, part B, $30,000,000 of the amount provided for title III, $6,000,000 of the amount provided for section 417, $12,039,000 of the amount provided for section 420, $5,150,000 of the amount provided for title IX, part B, $3,000,000 of the amount provided for title IX, part E of the Higher Education Act, and $1,000,000 of the amount provided for title III, part G, of the Elementary and Secondary Education Act are rescinded: *Provided*, That the funds appropriated in Public Law 96-536, as amended, for title IX, part B are available notwithstanding the provisions of sections 922(b)(2) and 922(e) of the Higher Education Act: *Provided further*, That $2,200,000 of the amount made available in Public Law 96-536 for title I, part B of the Higher Education Act is available only for section 115(d).

On page 91, strike line 4, through and including line 10, and insert the following:

COLLEGE HOUSING LOANS

(RESCISSION)

Of the funds appropriated for participation sales insufficiencies for fiscal year 1981 in Public Law 96-536, as amended, $14,550,000 are rescinded. Payments of insufficiencies in fiscal year 1981 as may be required by the Government National Mortgage Association, as trustee, on account of outstanding bene-

ficial interests of participations issued pursuant to section 302(c) of the Federal National Mortgage Association Charter Act, as amended (12 U.S.C. 1717) shall be made from the fund established pursuant to title IV of the Housing Act of 1950, as amended (12 U.S.C. 1749) using loan repayments and other income available during fiscal year 1981. The excess of total loan repayments and other income available during fiscal year 1981, less operating costs including costs for participation insufficiencies, shall be used to reduce the balance of direct loans outstanding from the Department of the Treasury.

On page 92, line 8, strike "$14,642,000", and insert "$61,218,000";

On page 92, line 9, after "III (", insert "part;

On page 92, line 11, after "Act,", insert the following: "title IV, section 418A and";

On page 92, line 12, beginning with "the Alcohol", strike through the comma in line 13;

On page 92, line 15, after "1950,", insert the following: "and section 422(a) of the General Education Provisions Act,";

On page 92, after line 18, insert the following:

EDUCATIONAL STATISTICS

(RESCISSION)

Of the funds provided in Public Law 96-536, as amended, to carry out section 406 of the General Education Provisions Act, $1,000,000 are rescinded.

On page 93, line 5, strike "$7,000,000", and insert "$10,000,000";

On page 93, after line 7, insert the following:

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

(RESCISSION)

Of the funds appropriated under this head for fiscal year 1981 in Public Law 96-536, as amended, $750,000 for the purposes of part D of the General Education Provisions Act as rescinded.

On page 93, line 21, strike "$3,207,000", and insert "$3,907,000";

On page 94, line 6, strike "$16,500,000", and insert "$22,915,000";

On page 94, strike line 16, through and including line 21;

On page 94, after line 21, insert the following:

FEDERAL MEDIATION AND CONCILIATION SERVICE

SALARIES AND EXPENSES

(RESCISSION)

Of the funds provided for "Salaries and Expenses" for fiscal year 1981 in Public Law 96-536, as amended, $687,000 are rescinded.

On page 95, strike line 15, through and including line 18;

On page 95, after line 18, insert the following:

NATIONAL LABOR RELATIONS BOARD

SALARIES AND EXPENSES

(RESCISSION)

Of the funds provided for "Salaries and Expenses" for fiscal year 1981 in Public Law 96-536, as amended, $1,060,000 are rescinded.

On page 96, strike line 1, through and including line 8;

On page 96, strike line 15, through and including line 24;

On page 96, after line 24, insert the following:

Of the total amounts appropriated for the Departments of Health and Human Services and Education for fiscal year 1981, $27,123,000 and $5,277,000, respectively, are hereby rescinded from funds available for travel, consultants, consultant services, training, and furniture and equipment purchases.

On page 98, after line 8, insert the following:

SENATE

(RESCISSION)

Of the funds appropriated under the heading "SENATE" in Acts providing appropriations for the Legislative Branch for the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979, and which (except for the provisions of this section) would remain available until expended, the remaining balances, but not less than $46,400,000, are rescinded.

SALARIES, OFFICERS AND EMPLOYEES

OFFICES OF THE SECRETARIES FOR THE MAJORITY AND MINORITY

For an additional amount of "Offices of the Secretary for the Majority and the Secretary for the Minority", $100,000.

CONTINGENT EXPENSES OF THE SENATE

STATIONERY (REVOLVING FUND)

For an additional amount for "Stationery (Revolving Fund)", $2,000.

ADMINISTRATIVE PROVISIONS

SEC. 101. In order to provide additional capital for the revolving fund established by the last paragraph under the heading "Contingent Expenses of the Senate" appearing under the heading "SENATE" in chapter XI of the Third Supplemental Appropriation Act, 1957 (2 U.S.C. 46a-1), the Secretary of the Senate is authorized and directed to transfer $100,000 to such revolving fund from "miscellaneous items" in the contingent fund of the Senate.

SEC. 102. Effective with respect to fiscal years beginning on or after October 1, 1980, the first sentence of section 101 of the Legislative Branch Appropriations Act, 1976 (2 U.S.C. 61a-9a), is amended by striking out "$7,500" and inserting in lieu thereof "$10,000".

SEC. 103. Section 111 of the Supplemental Appropriations and Rescission Act, 1980 (Public Law 96-304) is amended by striking out "and to remain available through September 30, 1981" and inserting in lieu thereof "and to remain available until December 31, 1981".

SEC. 104. Section 112(a) of the Supplemental Appropriations and Rescission Act, 1980 (Public Law 96-304) is amended—

(1) by inserting "(and the unexpended balance on any subsequent date during the fiscal year ending September 30, 1981)" immediately after "February 28, 1981", and

(2) by striking out "for any fiscal year shall" and inserting in lieu thereof "or in funds otherwise made available for the same purposes as funds so appropriated for such fiscal year shall during such fiscal year".

SEC. 105. The second proviso contained in the Legislative Branch Appropriation Act, 1966 (2 U.S.C. 126b), under the heading "SENATE", "SALARIES, OFFICERS AND EMPLOYEES", "OFFICE OF THE SECRETARY", is amended to read as follows: "The Secretary of the Senate is hereafter authorized to employ, by contract or otherwise, substitute reporters of debates and expert transcribers at daily rates of compensation, or temporary reporters of debates and expert transcribers at annual rates of compensation; no temporary reporters of debates or expert transcribers may be employed under authority of this provision for more than ninety days in any fiscal year; and payments made under authority of this proviso shall be made from the contingent fund of the Senate upon vouchers approved by the Secretary of the Senate.".

SEC. 106. (a) Effective January 1, 1981, the allowance for administrative and clerical assistance of each Senator from the State of Florida is increased to that allowed Senators from States having a population of nine million but less than ten million, the population of said State having exceeded nine million inhabitants.

(b) Effective January 1, 1981, the allowance for administrative and clerical assistance of each Senator from the State of Washington is increased to that allowed Senators from States having a population of four million but less than five million, the population of said State having exceeded four million inhabitants.

(c) Effective January 1, 1981, the allowance for administrative and clerical assistance of each Senator from the States of Oklahoma and South Carolina is increased to that allowed Senators from States having a population of three million but less than four million, the population of said States having exceeded three million inhabitants.

SEC. 107. Hereafter, the Secretary of the Senate as Disbursing Officer of the Senate is authorized to make transfers between appropriations of funds available for disbursement by him for fiscal year 1981, subject to the customary reprogramming procedures of the Committee on Appropriations of the Senate.

SEC. 108. Effective with the fiscal year ending September 30, 1981, section 117 of the Second Supplemental Appropriations Act, 1976 (2 U.S.C. 61f-1a), is amended by striking out "$92,000" and inserting in lieu thereof "$167,000".

SEC. 109. Notwithstanding any other provision of this Act (or any provision of law enacted prior to the date of enactment of this Act), the aggregate of the funds (other than funds appropriated under title II of this Act for increased pay costs) appropriated for the fiscal year ending September 30, 1981, for projects or activities for which disbursements are made by the Secretary of the Senate, shall not exceed an amount equal to 90 per centum of the aggregate of the funds (including funds appropriated for increased pay costs) appropriated for the fiscal year ending September 30, 1980, for such projects or activities.

SEC. 110. (a) Effective in the case of each fiscal year (commencing with the fiscal year ending September 30, 1981) each Senator, at his election, may transfer from his Administrative, Clerical, and Legislative Assistance Allowance (hereinafter referred to as the "clerk hire allowance") to such Senator's Official Office Expense Account any balance remaining, or any portion thereof in such clerk hire allowance as of the close of the fiscal year. Any balance so transfered to a Senator's Official Office Expense Account shall be available only for expenses incurred during the calendar year in which occurred the close of the fiscal year. Each Senator electing to make such a transfer shall advise the Senate Disbursing Office in writing, no later than December 31, and such transfer shall be made on such date (but not earlier than the October 1 which next succeeds the close of the fiscal year with respect to which the balance occurs) as may be specified by the Senator.

(b) Transfer of funds under subsection (a) shall be made from the appropriation "Administrative, Clerical, and Legislative Assistance Allowance to Senators" under the heading "Senate" and "Salaries, Officers, and Employees" for transfer to the appropriation "Miscellaneous Items" for allocation to Senatorial Official Office Expense Accounts.

On page 103, line 10, strike "101", and insert "111";

On page 103, line 19, strike "102", and insert "112";

On page 104, after line 9, insert the following:

CAPITOL BUILDINGS

(RESCISSION)

Of the funds appropriated under this head in H.R. 7593, and made available by Public

Law 96-536, making continuing appropriations through June 5, 1981, $97,000 are rescinded.

CAPITOL GROUNDS

(RESCISSION)

Of the funds appropriated under this head in H. R. 7593, and made available by Public Law 96-536, making continuing appropriations through June 5, 1981, $10,000 are rescinded.

On page 105, after line 12, insert the following:

SENATE GARAGE

(RESCISSION)

Of the funds appropriated under this head in H.R. 7593, and made available by Public Law 96-536, making continuing appropriations through June 5, 1981, $102,000 are rescinded.

On page 106, line 6, after "rescinded,", insert the following: "together with $70,000 included under this head in H.R. 7593, and made available by Public Law 96-536."

On page 106, line 11, strike "$241,000", and insert "$508,000";

On page 106, line 12, strike "$163,000", and insert "$430,000";

On page 107, after line 2, insert the following:

FURNITURE AND FURNISHINGS

(RESCISSION)

Of the funds appropriated under this head in H.R. 7593, and made available by Public Law 96-536, making continuing appropriations through June 5, 1981, $450,000 are rescinded.

On page 107, line 10, strike "Sec. 201.";

On page 107, strike line 20, through and including line 24;

On page 108, line 2, strike "Sec. 301.";

On page 109, line 2, strike "$70,240,000", and insert "$81,100,000";

On page 109, line 3, strike "$30,000,000", and insert "$40,000,000";

On page 109, line 14, beginning with "and", strike through and including line 15;

On page 110, strike line 18;

On page 110, strike line 20, through and including line 25, and insert "$15,000,000";

On page 111, line 23, strike "$12,000,000", and insert "$15,000,000";

On page 111, after line 24, insert the following:

RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT ASSISTANCE

For financial assistance for State recreational boating safety programs and State recreational facilities improvement programs, and for costs of administration necessary to carry out the provisions of the Recreational Boating Safety and Facilities Improvement Act of 1980 (Public Law 96-451), $2,000,000, of which $1,000,000 shall be available only for financial assistance for recreational boating safety programs, to be derived from the National Recreational Boating Safety and Facilities Improvement Fund and to remain available until expended.

On page 112, line 17, strike "$30,000,000", and insert "$25,000,000";

On page 112, line 23, strike "and", through and including line 25;

On page 112, after line 25, insert the following:

(RESCISSION)

Appropriations under this heading contained in Public Law 96-400 are hereby rescinded in the amount of $25,000,000.

GRANTS-IN-AID FOR AIRPORT PLANNING AND DEVELOPMENT

(LIMITATION ON OBLIGATIONS)

The limitation in section 302 of the Department of Transportation and Related Agencies Appropriation Act, 1981 (Public Law 96-400), is amended by deleting "$700,000,000" and inserting in lieu thereof "$400,000,000".

On page 113, line 18, strike "$350,000,000", and insert "$300,000,000";

On page 114, strike line 10;

On page 114, strike line 21, through and including page 115, line 2;

On page 115, after line 2, insert the following:

ACCESS HIGHWAYS TO PUBLIC RECREATION AREAS ON CERTAIN LAKES

For an additional amount for "Access Highways to Public Recreation Areas on Certain Lakes", $10,000,000, to remain available until September 30, 1983.

On page 115, line 13, after the period, insert the following:

The Secretary of Transportation is hereby authorized to expend proceeds from the sale of fund anticipation notes to the Secretary of the Treasury and any other monies deposited in the Railroad Rehabilitation and Improvement Fund pursuant to sections 502, 505-507 and 509 of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) as amended and section 803 of Public Law 95-620 for the uses authorized for the Fund, in amounts not to exceed $10,000,000.

On page 116, after line 4, insert the following:

After reserving funds for the grant agreements executed prior to March 10, 1981, for the remainder of fiscal year 1981, the Secretary shall obligate available funds up to the extent of the entitlements which existed immediately prior to March 10, 1981, and on the basis of the rail transportation needs to be addressed by the project to be funded.

On page 116, strike line 12, through and including line 16, and insert the following:

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Conrail Workforce Reduction Program, to remain available until expended, $15,000,000 which shall be transferred to the United States Railway Association in accordance with section 405(b)(1) of Public Law 96-448, of which $5,000,000 shall be derived by transfer from "Rail Service Assistance".

On page 117, strike line 1, through and including line 15;

On page 117, strike line 18, through and including the period on page 118, line 2;

On page 118, after line 5, insert the following:

PAYMENTS TO THE ALASKA RAILROAD REVOLVING FUND

For an additional amount for "Payments to the Alaska Railroad Revolving Fund", $2,000,000 to remain available until expended.

On page 118, line 14, strike ": *Provided*", through and including line 19.

On page 119, strike line 2 through and including line 12;

On page 119, line 17, beginning with "238,500,000", through and including "introduction", and insert the following:

"$220,000,000 shall not become available for obligation until October 1, 1981";

On page 120, line 9, strike "$20,700,000", and insert "$24,700,000";

On page 120, line 13, strike "$50,000,000", and insert "$65,000,000";

On page 121, line 4, strike "$600,000" and insert "$1,000,000";

On page 121, line 9, strike "$27,900,000" and insert "$20,000,000";

On page 121, after line 10, insert the following:

INTERSTATE COMMERCE COMMISSION

PAYMENTS FOR DIRECTED RAIL SERVICE

(TRANSFER OF UNEXPENDED BALANCES)

For necessary expenses for "Payments for directed rail service", $2,500,000, to be derived by transfer from Interstate Commerce Commission, "Salaries and expenses", to remain available until expended.

On page 121, line 22, strike "$1,500,000" and insert "$2,000,000";

On page 122, beginning with line 17, strike all through and including line 21, and insert the following:

(TRANSFER OF FUNDS)

For an additional amount for the Secretary of the Treasury for "Investment in Fund Anticipation Notes", $10,000,000 to be derived by transfer from "Rail Service Assistance", to remain available until September 30, 1982.

On page 123, strike line 8, through and including line 16 on page 124;

On page 124, after line 18, insert the following:

UNITED STATES CUSTOMS SERVICE

SALARIES AND EXPENSES

For an additional amount for "Salaries and expenses", $10,000,000, to be used for the implementation of the Air Module Concept; including acquisition (purchase of four), operation and maintenance of aircraft.

INTERNAL REVENUE SERVICE

TAXPAYER SERVICE AND RETURNS PROCESSING

For an additional amount for the tax counseling for the elderly program (TCE), $500,000. This additional amount shall be used to retroactively reimburse volunteer tax counselors for personal and administrative expenses incurred during the past 1980 income tax filing season.

On page 128, line 6, strike "$150,000,000" and insert "$135,000,000";

On page 128, after line 22, insert the following:

INTERGOVERNMENTAL PERSONNEL ASSISTANCE

(RESCISSION)

Of the funds provided for the Intergovernmental Personnel Act Grant program for fiscal year 1981 in Public Law 96-536, $5,600,000 are rescinded: *Provided*, That no funds appropriated or made available by this or any other Act shall be available to fund the Intergovernmental Personnel Act Grant program after June 5, 1981.

On page 130, after line 16, insert the following:

GENERAL PROVISION

None of the funds made available to the Department of the Treasury by this resolution shall be used to implement changes shortening the time granted, or altering the mode of payment permitted, for payment of excise taxes by law or regulations in effect on January 1, 1981.

CHAPTER XIII

DISTRICT OF COLUMBIA

FEDERAL FUNDS

FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

For an additional amount for "Federal payment to the District of Columbia", for the fiscal year ending September 30, 1981, $4,600,000, as authorized by section 502 of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 812; D.C. Code, sec. 47-2501d).

DISTRICT OF COLUMBIA FUNDS

GOVERNMENTAL DIRECTION AND SUPPORT

For a reduction in the amount for "Governmental direction and support", of $3,665,500 in current authority: *Provided*, That any program fees collected from the issuance of debt shall be available for the payment of

expenses of the debt management program of the District of Columbia.

ECONOMIC DEVELOPMENT AND REGULATION

For an additional amount for "Economic development and regulation", $19,400 including an increase of $3,527,300 in new authority and a reduction of $3,507,900 in current authority.

PUBLIC SAFETY AND JUSTICE

For an additional amount for "Public safety and justice", $2,919,400 including an increase of $3,874,900 in new authority and a reduction of $955,500 in current authority.

PUBLIC EDUCATION SYSTEM

For an additional amount for "Public education system", $2,662,700 including an increase of $2,970,000 in new authority and a reduction of $307,300 in current authority.

HUMAN SUPPORT SERVICES

For an additional amount for "Human support services", $20,922,000 including an increase of $7,300,000 in new authority and an increase of $13,622,000 in current authority: *Provided*, That $3,500,000 of this appropriation, to remain available until expended, shall be available solely for District of Columbia employees' disability compensation.

TRANSPORTATION SERVICES AND ASSISTANCE

For a reduction in the amount for "Transportation services and assistance", of $2,724,-900 including an increase of $4,432,100 in new authority and a reduction of $7,157,000 in current authority.

ENVIRONMENTAL SERVICES AND SUPPLY

For a reduction in the amount for "Environmental services and supply", of $121,600 in current authority.

WATER AND SEWER ENTERPRISE FUND

For an additional amount for "Water and sewer enterprise fund", $3,017,800 including $1,307,600 in new authority and an increase of $1,710,200 in current authority.

WASHINGTON CONVENTION CENTER ENTERPRISE FUND

For establishment of the Washington Convention Center Enterprise Fund, $382,600 in current authority.

On page 134, after line 7, insert the following:

SENATE

"Salaries, officers and employees", $11,-740,000;

"Office of the Legislative Counsel of the Senate", $80,000;

"Office of Senate Legal Counsel", $40,000;

"Senate Policy Committees", $131,000;

"Inquiries and investigations", $1,627,000;

"Folding documents", $11,000;

On page 135, line 25, strike "$114,000" and insert "$106,000";

On page 136, after line 13, insert the following:

" 'Senate office buildings, $448,000;' ";

On page 137, line 7, strike "$7,000 and in addition,";

On page 142, line 24, strike "$16,988,000" and insert "$18,588,000";

On page 144, line 8, strike "$20,000,000"; through and including line 12, and insert "$22,116,000";

On page 144, line 20, strike "$1,067,132,000" and insert "$1,079,432,000";

On page 144 line 22, strike "$743,183,000" and insert "$745,583,000";

On page 144, line 24, strike "$235,614,000" and insert "$236,714,000";

On page 145, line 6, strike "$103,303,000" and insert "$104,803,000";

On page 146, line 21, strike "$497,000" and insert "$4,497,000";

On page 147, after line 10, insert the following:

"Federal Energy Regulatory Commission";

" 'Salaries and expenses, $2,031,000' ";

On page 147, after line 17, insert the following:

" 'Health Services', $5,310,000";

On page 147, after line 19, insert the following:

"Center For Disease Control";

" 'Preventive Health Services', $2,000,000";

On page 147, after line 24, insert the following:

NATIONAL INSTITUTES OF HEALTH

"National Cancer Institute", $3,479,000;

"National Heart, Lung, and Blood Institute", $1,375,000;

"National Institute of Dental Research", $419,000;

"National Institute of Arthritis, Metabolism, and Digestive Diseases", $1,124,000;

"National Institute of Neurological and Communicative Disorders and Stroke", $794,000;

"National Institute of Allergy and Infectious Diseases", $952,000;

"National Institute of General Medical Sciences", $149,000;

"National Institute of Child Health and Human Development", $666,000;

"National Eye Institute", $244,000;

"National Institute of Environmental Health Sciences", $426,000;

"National Institute on Aging", $282,000;

"Research Resources", $43,000;

"John E. Fogarty International Center for Advanced Study in the Health Sciences", $58,000;

"National Library of Medicine", $339,000;

"Office of the Director", $524,000;

On page 149, after line 7, insert the following:

OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH

"Assistant Secretary for Health", $1,-062,000;

HEALTH CARE FINANCING ADMINISTRATION

"Program management", $3,000,000 to be derived by transfer from the "Federal Hospital Insurance Trust Fund" and the "Federal Supplementary Medical Insurance Trust Fund";

On page 149, after line 20, insert the following:

"Office of Human Development Services";

" 'Human development services', $1,-116,000";

On page 150, strike line 9;

On page 150, line 15, strike "$20,494,000" and insert "$27,066,000";

On page 153, strike line 21;

On page 153, line 23, beginning with "to" strike all through and including the comma on line 24;

On page 154, line 6, beginning with "to" strike all through and including line 8;

On page 154, line 10, beginning with "to" strike all through and including line 12;

On page 154, line 14, beginning with "to" strike all through and including line 16;

On page 154, line 18, beginning with "to" strike all through and including line 20;

On page 154, line 22, beginning with "to" strike all through and including the comma on line 24;

On page 157, line 3, strike "$100,000" and insert "$216,000";

On page 158, line 9, strike "$265,205,000" and insert "$258,967,000";

On page 158, line 14, strike "$7,917,000" and insert "$7,785,000";

On page 158, line 17, strike "$1,591,000" and insert "$2,106,000";

On page 158, line 18, strike "$15,659,000" and insert "$14,267,000";

On page 158, after line 20, insert the following:

"Action";

" 'Operating expenses, Domestic Progams', $460,000";

On page 162, line 10, strike "$9,585,000" and insert "$9,846,000";

On page 162, line 24, strike "$4,759,000" and insert "$3,259,000".

On page 163, line 1, strike "$759,000" and insert "$1,759,000";

On page 165, beginning with line 16, strike all through and including line 2 on page 166;

Mr. BAKER. Mr. President, I thank the minority leader and the distinguished chairman of the committee, and I thank all Senators.

I observe that we now have disposed of 392 of the 400 committee amendments, and I am grateful for that accomplishment.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Washington (Mr. JACKSON) for his courtesy in yielding.

Mr. JACKSON. I thank the Senators.

Mr. President, I should like to draw attention to several issues considered by the Appropriations Committee and recommended for reduced levels of funding. I believe that three programs of particular concern to me have been addressed more adequately by the House in its version of this supplemental appropriation bill.

First, Mr. President, I wish to call to the attention of the Senate the eruption of Mount St. Helens just over 1 year ago brought to the congressional delegations of Washington and Oregon a very unique challenge. No one ever could have anticipated the variety of problems faced as a result of the eruption itself or the subsequent ashfall. We still face many difficulties and unusual situations. The salvage of downed timber is one such situation. It has been addressed in the House version of this bill through an additional $15.9 million appropriation to the Forest Service for the restoration and construction of logging roads near the mountains.

I have said that this situation is, indeed, unusual. Under normal circumstances, the costs of road construction are factored into the bidding price of Forest Service timber sales. As the timber is harvested, the roads are extended. Where there are no roads, the trees are left standing. Unfortunately, Mount St. Helens not only cut down for us the timber in places where there yet were no roads, it wiped out the roads we did have. If the Forest Service were to proceed with road construction under the normal practice, the blown-down, deteriorating timber never would be salvaged in time. We need these roads constructed first so that we can get to as much of the salvageable timber as possible and appropriate, keeping in mind that the Government will still recover the costs of reconstruction when the salvage sales have been bid, harvested and sold. If we do not have the funds to construct the roads, the timber will deteriorate and the profits from the sales will be lost forever.

Mr. President, it is my understanding that the administration has not requested additional funds for reconstruction of roads at Mount St. Helens even though it is fully aware of the problem. I understand that efforts within the Department of Agriculture to reprogram moneys from other sources for this situation are being considered. I am skeptical that these efforts will be sufficient but also want to cooperate with the judgment of the Senate committee and want to take every opportunity to avoid an additional appropriation.

I will be following the situation very closely.

I ask the distinguished chairman of the Appropriations Committee his understanding of this problem and cooperation in monitoring and reprogramming activities of the Department. I hope the problem either is resolved quickly or brought to the attention of the Senate conferees so that we may have the sympathetic concern and support of the Senate conferees when this matter comes up in conference.

Mr. HATFIELD. Mr. President, if the Senator will yield, I am happy to respond.

Mr. JACKSON. I am happy to yield.

Mr. HATFIELD. The Senator from Washington State has certainly identified one of the major issues relating to the consequences and the aftermath of Mount St. Helens eruption about a year ago this week. The Senator can correct me if I am wrong, but I think we had about 100 square miles of devastation there of rich forest lands which are one of the greatest in the whole country. As a consequence, the question arose as to what can we salvage of the blowdown and the damaged timber and so as a consequence of that we put $25 million in the fiscal 1980 supplemental to salvage that.

The question arose as to the time frame in which we had to do it. The Senator realizes that under the normal road construction of the Forest Service program there has to be appropriation, programing, bidding, and so forth.

What we did then in order to expedite that in 1981 we transferred $22½ million and added to the $25 million of the Forest Service budget. We transferred $22½ million from the Alaska program that was still in excess in order for the Forest Service to be able to provide for expedited road construction. Road construction would be under the aegis and responsibility of the private companies, and that would be sort of up-front money that would be returned so that that money would be available for that kind of expedited roadbuilding.

We have put this not only in the fiscal year 1981 supplemental of $22 million by transferring it from the Alaska program but we also have put in report language that would indicate our expectation that this would be considered as what we call up-front money to expedite the road construction, thereby expediting salvage.

So we, I believe, are pretty much on top of this, I say to the Senator, and certainly agree with his concern and share that concern, and I am hoping that in conference we can keep this kind of momentum for the salvage operation.

Mr. JACKSON. Mr. President, the critical thing is to get the road money, whether it is reprogramed or by whatever means.

Mr. HATFIELD. Exactly.

Mr. JACKSON. The distinguished chairman of the committee I know is keenly aware that time is of the essence here. The spoilage that will occur is not more than 2 years away, and we would be losing hundreds of millions of dollars of valuable timber, and the roads are a precondition to the removal of that timber.

Mr. HATFIELD. That is right.

Mr. JACKSON. All I am suggesting is that we work out a full understanding when the conferees meet on this particular issue so that one way or the other we are going to have the roads available to address the salvage problem in a timely fashion.

Mr. HATFIELD. I say that the Senator has not only my personal assurance but also that of the chairman of the subcommittee handling the Interior budget as well as the Forest Service budget. Senator McCLURE of Idaho is an expert in this area of natural resource management as well. So as two conferees I can assure the Senator from Washington State that we will be strong advocates in the conference for fulfilling this commitment.

Mr. JACKSON. I thank the Senator.

Mr. President, I now wish to turn to the second item.

I am particularly distressed about the committee's recommendation to approve the Reagan administration's proposed rescission of $38,194,000 for the Youth Conservation Corps program.

I know the Senator, the chairman of the committee, is well aware of our longtime support for this program. He has been one of the staunchest advocates of it. It is a program which I authored many years ago. I believe in the YCC and the premise on which the program was established, that valuable conservation work on our Nation's public lands can be accomplished through the employment of the young people of this country.

The YCC has become a vital entity in the ongoing management picture of our national parks, forests, wildlife refuges, and other recreation lands. This program represents the least expensive way to accomplish essential resource and visitor management projects. In many instances, cutbacks in regular budgets and reductions in personnel have made it impossible for the land managing agencies to complete essential resource management, visitor safety, and visitor service projects without the assistance of the Youth Conservation Corps.

For example, in the last 3 years, the acreage in the National Park System has more than doubled. At the same time, despite soaring inflation, significant portions of the Park Service budget have actually been reduced and the agency has lost several hundred employee positions. These factors and others combine to make the YCC the only means of accomplishing a number of projects essential to Park operations. Without YCC assistance, many national parks will suffer severe resource deterioration and damage—a condition that everyone, including the present administration, agrees is unacceptable.

In terms of return on investment, there is no question that the YCC is cost effective. Comparing the appraised value of the work accomplished to the cost of the program, the taxpayers have consistently received more in terms of the value of service than it has cost to provide that service. In addition, YCC enrollees themselves benefit from the environmental education component of the program, gain a variety of work skills, and are given an opportunity to work with other young people of differing backgrounds.

Mr. President, in its report on the measure before us, the Appropriations Committee finds that because this program is not targeted to aid disadvantaged or low income groups, it must be reduced. While I am disturbed by implication that only targeted programs are worthy of funding in tight budget times, I am even more concerned about the apparent lack of understanding of what is being proposed in the committee recommendation before us today. This is not a reduction in the program, Mr. President; it is the elimination of the YCC. The committee report talks about reducing the program in fiscal year 1981. I could accept such a reduction; something along the lines of what the House has already proposed.

The House-passed bill effectively cuts the program in half in fiscal year 1981 by proposing to rescind $30 million. This represents a 50-percent reduction, Mr. President. I think such an accommodation more than recognizes the budgetary constraints under which we are operating. To go further, as we are being asked to do today, is unwise and unnecessary.

I am especially concerned about the committee's adopted language directing that the affected Federal agencies use those funds remaining after the rescission to close out the program. Such language is certainly contrary to the action of the Committee on Energy and Natural Resources taken last week regarding, as the chairman will recognize, reconciliation.

At that time, the committee adopted an amendment offered by Senator HEINZ making it clear that the committee supported a modest shifting of funds within the natural resource budget function so that certain programs could be funded in fiscal year 1982—contrary to the administration's recommendations. One of those programs targeted specifically by the committee was the Youth Conservation Corps. While the committee recognized the fact that the program would certainly be cut—only $30 million was made available instead of the $60 million authorized—it was clearly the committee's intent that the program be continued—not terminated.

I would hope that some accommodation can be reached in conference so that this program could be continued.

So I hope that in conference, the House having put in $30 million, that the distinguished chairman of the committee would give his sympathetic support for a resolution of this matter so that the program will not come to an end.

I think it would be a mistake and it is indeed contrary to the expressed position which was a unanimous expression on the part of the Energy and Natural Resources Committee.

Mr. HATFIELD. Mr. President, if I may respond to the Senator, this is one of those situations that we frequently find ourselves in in wearing two hats. One hat is as a member of the Energy and Natural Resources Committee and the other hat as a member of the Appropriations Committee.

Let me say to the Senator that the Senate did agree with the President's proposal to excise, in effect, the program by rescinding the $38 million figure that the House had rescinded $30 million, so we have, in effect, about a $8 million differential, but the total amount available will probably be about $10 million.

It, I think, probably is more a philosophical issue than it is a budgetary matter or it is of equal concern. The philosophical question is that the people and the persons most needy in such a program have not been targeted by the criteria or the way in which the program has been administered, and namely, to explain this a little further, it is considered that those who have economic means to have constructive experiences in camps or woods, or whatever it might be, should not be included in a program of Federal funding or subsidized and, therefore, that those who are really without alternative resources or without need, such a program should be targeted for that particular segment of our population.

So that was one of the issues that was raised that I think probably had a great deal of influence on the part of the appropriations subcommittee in supporting the President's proposal to excise and to suggest a closed shop.

It in no way forecloses the possibility of a program of this character being devised and created to target those young people in our country who have no economic wherewithal or no means to have this kind of experience but rather to separate that group from those who have alternative resources and other means.

So as I say it is both a budgetary action but as well it represents, I think, a philosophical viewpoint.

Mr. JACKSON. I say to the distinguished chairman that I understand. We went through this over the years, as the Senator will recall, in the various reauthorizations of the program.

I must say that the contribution that has been made here, in which we have a mix between the youngsters who come from middle-class families and the youngsters who come from the deprived, is that mix that has made this program a success.

The problem with the Job Corps is they are dead-end kids. They are all dead-end kids and the result is it is a program of despair, and I think the lesson that we have learned here is that there is a contribution to be made by the children from the middle class of our society to the youngsters who come from the poor side of the family.

May I just add, too, and I am sure my colleague would agree with me, that all we have to do is look at who attempted to assassinate the President of the United States. He did not come from a poor family. The problems that arise in our society more and more, involving some of the most distressing situations, do come from the affluent side of the street.

So the effort we have tried to make in connection with this program is to bring a better balance so that both groups can be assisted.

Finally, as the chairman knows, our national parks, our national forests, wilderness areas, are in need of maintenance, and likewise the States through their park systems have been the beneficiaries of this effort.

To me it is vital not only in terms of human resources, resources of our young people, but, of course, our national resources, as well.

Mr. HATFIELD. Mr. President, I want to say I appreciate what the Senator from Washington has stated. I would associate myself with most of what he has said with respect to the benefit that comes from the mix of having people from middle incomes and lower incomes working together.

I have visited a number of camps in our State, as I am sure the Senator from Washington has visited the camps in his State, and I think it has been a very excellent program.

I also know the Senator from Washington knows that I asked for and received a GAO report on the operation and maintenance problems of our national parks, and that report indicates very, very serious deficiencies even to the point of endangering life and health of those who would use our parks. So the need is obviously there.

How are we going to deal with that, I have talked with the Secretary of Interior, Mr. Watt, about that problem, and I think we are going to have to deal with it not only in dollars but in the person power to actually implement whatever program of reconstruction and restoration we have to ultimately undertake. It may be at that point that this kind of a program would find new life or find new support.

But I can say to the Senator at this time it is in a time of fiscal restraint, budgetary restrictions, that a tradeoff was made of the sociological value for budgetary or economic, and who knows in the long run of the wisdom of that tradeoff. But I think that is basically where we are at this point.

Mr. JACKSON. I hope in the conference the Senator will certainly give full consideration to what the House has done in trying to keep the program alive so that we do not lose the experience and the good people who have been involved in this. It is not a lot of money in terms of the benefits that are involved to people and to the maintenance of our natural resources system.

(Mr. MATTINGLY assumed the chair.)

Mr. JACKSON. Mr. President, one final item: The Appropriations Committee has approved a subcommittee recommendation that a $10 million rescission of funds for the fishing gear adjustment program in Washington and Oregon proposed by the administration be increased to $15 million thus eliminating this important program for non-Indian fishermen. I strongly disagree with this recommendation and hope that our representatives to the conference committee are aware of the impact of this minor, but important funding cut.

Congress previously has been asked to consider the complex Indian fishing rights controversy in Washington State, most recently during the passage of the Salmon and Steelhead Conservation and Enhancement Act of 1980. I need not review now the economic hardship that has befallen the non-Indian commercial fishermen of my State as a result of Federal court interpretations of Federal Indian treaties allocating one-half of the harvestable fishery to the tribes. It is sufficient to say that the hardship is extreme. Wholesale bankruptcies are common.

Mr. President, this gear reduction program works. It was successfully tested under a small grant from the Economic Development Administration while President Ford occupied the White House. It was identified as beneficial, effective, and necessary during the previous administration. And, as I indicated, the current administration has expressed in an April 8 letter from OMB Director David Stockman to me that it believes "that $5 million in 1981 Federal funds is an appropriate level for this gear and ship by-back program."

The fishing gear adjustment program is designed to voluntarily remove unwanted and unproductive fishing capacity and licenses from an already-overcrowded non-Indian fishery. New licenses are no longer issued. By voluntarily removing capacity, those non-Indians remaining in the fishery will finally be able to make a viable living at their profession.

It is necessary to put this funding in perspective. A Cabinet-level Task Force appointed by President Carter recommended that $60 million be appropriated for the gear adjustment program. The last Congress reduced this recommendation by authorizing $37.5 million in fiscal year 1982 and appropriating $15 million in fiscal year 1981 for the program. The House supported by the administration, seeks to provide only $5 million of this previous commitment.

Mr. President, some people believe we have a hopeless situation. Some people believe that a $60 million problem cannot be effectively reduced by a $5 million appropriation. I can assure my colleagues in the Senate that our fisheries managers know the economic constraints of Congress. They also know that the

gear adjustment program is extremely effective at its initial funding levels in voluntarily reducing the number of outstanding commercial fishing licenses. By voluntarily retiring licenses, the Senate can prevent the otherwise inevitable reentry of capacity as our fishery improves—and do so in a most-cost-effective manner. Large funding amounts would be necessary to remove significant fishing capacity now, but $5 million will go a long way toward reducing chronic overcapacity in the future. It is extremely important.

Mr. President, I would like to ask the chairman, particularly those Members who will be negotiating with the House, to be sympathetic with this funding need. It was included—I emphasize that, it was included—in President Reagan's budget. It is a significantly reduced figure from our previous appropriation. It is a figure included in the House-passed version of this bill, and it affects the fishermen, as the chairman knows, in a vital way in Washington and Oregon.

Mr. HATFIELD. The Senator is quite correct. This is a figure that was $15 million; the House rescinded $10 million, the Senate has rescinded $15 million, leaving $5 million in conference.

I say to the Senator I recall when his former colleague and our good friend, Senator MAGNUSON, acting on behalf of the Senator from Washington State (Mr. JACKSON), and himself added the $15 million to the appropriation measures some years ago with which to aid the salmon fleet from the State of Washington based on the Belloni-Boldt decision. These are two separate judges.

If you will recall, at that time it was to assist the fishermen from the State of Washington only, whereas there were fishermen from other States affected or at least from the State of Oregon affected by the same decision on an Indian treaty.

The thinking behind the rescission on the part of the Senate subcommittee was simply one that follows this line of logic: We have today some very strong evidence that there is vast overcapitalization of salmon fleets around this country or of other fishing craft, fishing for other species.

We have had Federal policies that have affected the Northeastern fisheries in setting quotas. We have had other Federal action that has impacted upon the fishing economy generally. The gulf people in the shrimp boats are also in great distress.

So the thinking was what we ought to do rather than deal with a proposal for the relief of the fishing fleet within one State, that we ought to develop a comprehensive program that would apply to the fisheries wherever they might exist under similar circumstances of impact upon their industry outside of their own control, outside of their own making.

There is going to be a time lag if the Senate position prevails, and by the time a new program, if a new program comes along, is in place, and I recognize that problem.

I will want to say to the Senator that I recognize the specific problem he faces now in Washington State and, as a neighbor, I certainly will be sympathetic to that. But I do not want to offer any hope or any expectations, any high expectations, that we are going to be able to prevail as the Senator has requested.

But I do think the issue is far broader than just the State of Washington, and one that should be addressed from a national perspective as well.

Mr. JACKSON. I appreciate the Senator's comments. My only concern is that, of course, this grows out of the Boldt decision primarily, and it is an attempt to alleviate a very unfair situation that we have with our fishermen losing their livelihood, and I only hope that this special problem will be treated that way as the administration included the funds in the budget for it.

Mr. HATFIELD. I want to thank the Senator for raising the point. They have been very helpful, and it will strengthen the conferees as we meet with the House after the holiday.

Mr. JACKSON. I yield the floor, Mr. President.

Several Senators addressed the Chair.

Mr. HATFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATFIELD. Mr. President, I was under the impression that after the colloquy I would be recognized, as the manager of the bill, for the purpose of yielding to the Senator from Kansas (Mr. DOLE) for the purpose of comment. Is that correct?

Mr. MOYNIHAN. That would be, in any event, entirely agreeable.

The PRESIDING OFFICER. There is no agreement to that effect.

Mr. HATFIELD. Well, then, I have not been given the right information.

Mr. President, if I do have the floor, I yield, if it is all right with the Senator——

Mr. MOYNIHAN. Mr. President, I wonder if the distinguished manager of the bill would allow me to make an inquiry. There are 30 minutes remaining. There are two Senators on our side who wish to speak. I know the distinguished Senator from Kansas wishes to speak. I welcome the fact that there will be one speaker in opposition. I thought perhaps there would be none.

But can we have some agreement about how this time might be divided, an informal agreement?

Mr. HATFIELD. Mr. President, I would say to the Senator from New York that, as the manager of this bill, I believe we have been on this now for approximately 2 hours and we have had no speaker, to my knowledge, from our side. So that I think a time agreement of 25 minutes and 5 minutes would be perhaps equitable at this time.

Mr. MOYNIHAN. Mr. President, no speaker has appeared until now.

Mr. DOLE. I was here earlier.

Mr. HATFIELD. Mr. President, I respectfully disagree with the Senator. We have had Senators on the floor, the Senator from Colorado (Mr. ARMSTRONG) and the Senator from Kansas (Mr. DOLE).

Mr. MOYNIHAN. Mr. President, may I say that I am not, at least, aware of any speaker in opposition having requested the floor. I wonder if I might inquire of the Chair whether I am wrong in that regard.

The PRESIDING OFFICER. The Chair does not keep track of who is on the floor.

Mr. MOYNIHAN. I know of no one who sought recognition. We are using up our time. I wonder if we could not split the time.

Mr. DOLE. That is a split.

Mr. ROBERT C. BYRD. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. HATFIELD. Mr. President, I would be very willing to split the time on which I think the overall issue has been debated here today so far of 25 minutes to the opposition side and 5 minutes to the proponents of this amendment. Would that be a fair and equitable division?

Mr. MOYNIHAN. That is what we are beginning to learn is the view of the majority is fair and equitable. But it seems more like 5 to 1 to me

Mr. HATFIELD. Well, 2 hours and 5 minutes versus 25 minutes.

I yield to the Senator from Kansas.

Mr. KENNEDY. Regular order, Mr. President.

Several Senators addressed the Chair.

Mr. KENNEDY. Regular order, Mr. President.

Mr. ROBERT C. BYRD. Mr. President, I ask for recognition.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I do not want to hold the floor, but a Senator can only yield for a question. I was expecting the distinguished majority leader. If the Chair would indulge me momentarily.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The minority leader has the floor.

Mr. ROBERT C. BYRD. Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, the distinguished Senator from Oklahoma wishes to speak to the amendment. I am happy to yield to him for that purpose.

Mr. BOREN. Mr. President, I thank my colleague from New York.

Mr. President, I am happy to join with my distinguished colleague from New York in cosponsoring the amendment which is now under consideration. It is my privilege to serve with him as a member of the Subcommittee on Social Security and Income Maintenance Programs which considers all social security legislation.

I think, in this instance, the Senator from New York has presented an amendment which is worthy of the support of each one of us. We all realize that action must be taken to make the social security system more secure for the future. Fairer alternatives can be found than those recently proposed by the administration.

In addition, experts have indicated that recent proposals cut twice as much as is necessary to cure the deficit in the fund. As it considers various options to accomplish this goal, it is my hope that

the Congress will be very careful not to cut the programs in a way which would leave our senior citizens the helpless victims of inflation.

While I have strongly supported the President's efforts to cut total spending and voted for the budget resolution which he endorsed, I believe that some of the recently proposed cuts in the social security benefits go too far and would cause the elderly and the truly disabled to make more than their fair share of sacrifice.

I am particularly troubled by the proposed 3-month delay in the cost-of-living adjustment and an additional waiting period for the persons who have been found to be disabled before they can start drawing benefits. In good conscience, I simply cannot support those proposals.

In addition, I am concerned that any provision which penalizes early retirement be reasonable and take into account the special problems of persons who retire earlier because they have worked in jobs demanding hard physical labor. It is often hard enough for people working their jobs like farming, construction, and oil field work to make it to age 62 without having someone bound to a desk in Washington, not familiar with their problems, telling them to make it to age 68.

There are many other actions which we can consider to preserve the solvency of the social security system, making sure that benefits do not outstrip increases in the wages of those now working and contributing to the system and many others.

But, in this instance, the proposals go too far. I do not think they are in keeping with what the American people would want them to be. While the vast majority want welfare abuse stopped, I do not believe that the people of this country want to cut aid to the elderly and the disabled who are having a desperate time.

Let us put welfare recipients who are able to work to work. Let us stop the abuses in the food stamp program and others. But, at the same time, we must be careful not to pull the rug out from under the elderly and disabled.

Mr. President, I think that the amendment of the Senator from New York speaks directly to that point. I am proud to cosponsor it and to endorse its contents.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I do very much appreciate the observation which the Senator from Oklahoma, my good and learned friend in these matters, has given. He is a man who has governed a State, has dealt with the problems of the aging, the disabled, the needy. He has spoken with a compassion and directness on this matter. I am proud to be associated with him.

Mr. KENNEDY. Will the Senator yield.

Mr. MOYNIHAN. I yield.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President. I too, join with the Senator from New York on this particular venture. I do so briefly today, but I will continue to do so over the course of the debate on social security in the days and weeks ahead. The reason for the proposal of the Senator from New York I think can be broken down into three simple but very important concepts.

First of all, the proposal of the administration is unfair. It will see a 43-percent reduction in the lifetime social security benefits for those who retire early. We know from the Social Security Administration's own studies and from studies conducted by the National Commission on Social Security that 75 percent of those who retire at 62 years of age retire because of health reasons or because they lack job opportunities.

We are asking no other group of people in our society to take a 43-percent reduction in income. Under the administration's proposal, we are asking that of the early retirees.

Second, the proposal is excessive. I think all of us understand that there are important and serious financial questions about the integrity of the social security fund. All of us in this body are committed to reaching fair and equitable solutions to that problem—but that does not require any precipitous or immediate reduction in benefits. But if we were to accept the proposals of the administration we find that the savings are more than double the shortfall that is anticipated in the future.

So the proposals of the administration are excessive.

Finally, Mr. President, I think they involve a very fundamental and basic breach of faith to those who had planned to retire early. I have a room full of mail from individuals in my own State and from other parts of the country, individuals who had planned to retire early. So it is a breach of faith to those individuals and I believe it is a breach of faith to individuals who have been contributing to the social security fund and in the future would find the President's proposals sharply reducing their benefits.

Mr. President, as I stated, I rise in support of the resolution rejecting President Reagan's proposals to drastically reduce social security benefits. The recommendations constitute a breach of faith with the Nation's 36 million social security beneficiaries and a breach of faith with 110 million workers who are contributing today for their own retirement years.

The Reagan proposals are unfair, excessive, and unnecessary.

They are unfair because they penalize those workers who will not reach the age of 65 by January 1982, millions of workers who have been planning to take early retirement because of health or unemployment.

For those not yet 62 these proposals will mean a 43-percent reduction in lifetime social security benefits. It will condemn millions of Americans who have worked all of their lives to a retirement in poverty.

It is unfair to the disabled who will suffer nearly a one-third reduction in benefits and it will deny countless chronically ill individuals any disability benefits at all.

And it is unfair to all social security recipients who would be told that they will suffer a lifetime reduction in their cost-of-living adjustment.

The Reagan package of social security cuts also are far in excess of the additional amounts needed to meet the cost of estimated benefits now or in the near future. By 1986 these proposals would take between $82 billion and $111 billion away from social security recipients. Even the most pessimistic calculations show that the social security problems between now and then could be met by borrowing between the three social security funds and a modest infusion of additional revenues. If none of these more appropriate actions were taken the deficit in the trust funds would be barely half the amount that Reagan's proposals will take from the elderly.

These proposals have never been suggested before or studied before or analyzed before and they are opposed by virtually every knowledgeable expert familiar with the social security system.

We know that the short-term problem of the fund relates directly to the failures of the economy. Each 1 percent of unemployment reduces revenues to the trust fund by $2 billion a year. Each additional percent of inflation translates to $1.2 billion in additional social security benefits. Restoring the economy is essential. But penalizing the Nation's elderly in a misguided attempt to effect economic recovery is wrong.

The President promised that there would be a safety net for the most vulnerable members of our society. It was never perceived as much more than rhetoric. These proposals to severely undermine the security of our senior citizens demonstrate that there was never even a semblance of commitment to the concept of a safety net for the poor, the elderly, and the needy.

I join in commending the Senator from New York.

Mr. MOYNIHAN. Mr. President, what the Senator from Massachusetts has said is exactly right. The question here is a breach of faith for 35 million Americans now in the system and another 90 million coming along. The issue could not have been stated more clearly.

Does the Senator from Hawaii wish to ask a question?

Mr. MATSUNAGA. Will the Senator yield?

Mr. MOYNIHAN. I am happy to yield.

Mr. MATSUNAGA. I thank the Senator for yielding. As a cosponsor I rise to join the Senator from New York, the Senator from Massachusetts, and the distinguished minority leader in support of the amendment now pending.

Mr. President, if we examine the nature of civilizations of the past and present, we will find that the greatness of any nation can be accurately measured by the degree to which the nation cared for and cares for its elderly.

Here is a case where the President campaigned on the promise that there would be a safety net for the elderly. But the proposal which has come before us from the White House is something unconscionable. It is, as has been stated, a breach of faith, and we must keep faith with our elderly citizens if we want

this society of ours to go down in history as a great one. We can contribute to this cause today by adopting the pending amendment.

Mr. MOYNIHAN. I thank the Senator.

Mr. BAKER. Will the Senator yield?

Mr. MOYNIHAN. I yield.

ORDER FOR VOTE AT 3:15 P.M.

Mr. BAKER. Mr. President, it is now 2:45 and it is clear that the debate has not run its course. I ask unanimous consent that the vote on this amendment occur at 3:15 instead of 3 o'clock.

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

Mr. HARRY F. BYRD, JR. Will the majority leader amend that unanimous consent to include 2 minutes for the senior Senator from Virginia?

Mr. BAKER. I have no objection.

Mr. President, I ask unanimous consent that the last 2 minutes of debate prior to the vote be allocated to the distinguished senior Senator from Virginia (Mr. HARRY F. BYRD, JR.).

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

Mr. BAKER. I further ask unanimous consent that no amendment to this amendment be in order, and I ask unanimous consent that following on the vote on this amendment the Senator from Kansas (Mr. DOLE) be recognized to call up an amendment, and that no amendment be in order to that amendment.

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

Mr. LONG. Mr. President, reserving the right to object.

Mr. ARMSTRONG. Mr. President, reserving the right to object.

Mr. LONG. I am willing to vote on what the Senators would like to offer, but if no amendment would be in order, I think it would be nice for us to see the amendment so that we know what it is that we are agreeing to vote on which would not be subject to amendment. I would hope that prior to agreeing we could see the amendment.

Mr. BAKER. Mr. President, let me state to the distinguished Senator from Louisiana that, as always, or almost always, his point is well taken. I have cleared this with the distinguished minority leader after some considerable negotiations. However, in order to permit the distinguished Senator from Louisiana to examine the nature of the undertaking—there are really two undertakings—I will be glad to withhold the request until there is an opportunity to examine it further. I do not abandon that part of the request which has been granted to extend the time for the debate.

Mr. LONG. Mr. President, for all I know, this might be anything that we are agreeing to. I would like to know what it is that we are going to vote on.

The PRESIDING OFFICER. Does the majority leader yield the floor?

Mr. BAKER. I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, the Senator from Kansas has had the opportunity to hear some of the anguished cries from the other side with reference to the social security system. I would say at the outset that we all agree that the social security system is in great difficulty. I would ask my colleagues to recall who has controlled this body for the last 26 years. It has been Members on the other side of the aisle. I think the record ought to state very clearly that we have a system that is in trouble. The social security system is in trouble. Those who now receive benefits or those who will receive benefits in the future stand to lose some of those benefits unless the Congress responsibly does something.

We may be able to play politics on the Senate floor, but that is not going to save the social security system. Whether you are an early retiree or somebody who is already receiving benefits, it is the view of this Senator that you should require that Congress do something. That is what this debate is all about.

For 26 years we have tinkered with the system. We have added programs to the system. This year we are spending $2.5 billion more than we are taking in. The system is on the verge of bankruptcy. What are we going to do about it?

There are three choices. We can raise the taxes. If you can find any working man or working woman in this country who wants to pay more taxes—and I assume that is one of the recommendations from the other side since the Democrats do not seem to want to do anything else—we can increase taxes.

We can finance it through general revenues. We do not have any general revenues. We have billions and billions of dollars of debt.

We can borrow from different funds in the social security system, from the D.I. fund, or the H.I. fund, and I suggest that is not a very good thing, except in the short term when it may be necessary.

So, to be responsible, a number of Senators in both parties, a number of House Members in both parties have said, "Let us take a look at the long-term solvency of the system and see what can be done."

Representative PICKLE, the chairman of the Social Security Subcommittee of the House Committee on Ways and Means, suggested a number of improvements, a number of changes. None of them is painless, Mr. President.

These resolutions are painless. We pass these by the dozen every year. Every year, we pass dozens of meaningless resolutions. What will it do for the system? Not a thing.

What will it do for the beneficiary in New York or Kansas? Not a thing. But it may go across the airwaves or in the printed media as some real hope to social security recipients.

The real hope, Mr. President, is trying to attack the problem. The problem is near insolvency. What are we going to do about it? We are not going to do anything about it by passing sense-of-the-Congress resolutions.

Mr. President, I suggest that the President has made a proposal. There are other proposals pending. Some in this body, I think some on both sides, would make the retirement age phase in from 65 to 68. How many people is that going to please who are now receiving social security?

Others would look at the early retirement. Others would tax benefits—not many in this body, but some have proposed that. The advisory commission on social security has a host of recommendations. The National Council on Social Security has a host of recommendations.

I suggest to my colleagues, Mr. President, and I do not suggest that considering this resolution will do any damage, but I suggest that, after all the politics—and we all understand politics—we must put our minds to addressing the real problem. That is how to protect the integrity of the system. In my view, it should be a bipartisan effort. In my view it will be a bipartisan effort. Today it is not particularly bipartisan, but this is only Wednesday. By Thursday or Friday or next week or next month, it may be bipartisan.

I know the Senator from New York wants to be helpful and I have read his resolution with interest. It does not preclude changes in the system. The amendment the Senator from Kansas will offer for Senator COHEN, Senator ARMSTRONG, Senator HEINZ, Senator ROTH, and others do not preclude changes in the system.

Mr. President, I suggest we ask ourselves a very difficult question. We all agree we are going to have to make some changes in the system. What those changes will be remains to be seen. The President has suggested some. Now the debate is in the public domain. Some things he suggests, I think, have great merit. Others have less. Maybe a few have little.

In any event, Mr. President, the President should be commended for facing up to a very difficult problem. That is, how do we preserve the rights of those who are retired or those who will retire under the system?

I am happy to yield at this point to the Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I thank the distinguished chairman for yielding to me. I just want to echo his observation.

It is easy to criticize any specific proposal on social security reform. I just say this: There are only four possible options to what is going to happen to social security. Either we are going to raise the payroll tax or we are going to let the fund go bankrupt or we are going to adjust the eligibility or we are going to adjust the benefits.

I want to know if there are any Senators in this room who are going to announce they are willing to raise the payroll tax. The Senator from Colorado is not. I want to know if there is a Senator who is going to announce the fund is going to go bankrupt? The Senator from New York knows that that is what has happened in other countries, where they have this kind of pay-as-you-go system. I think that would be intolerable. All the experts say if we go on the way we are now, that is exactly the way we will end up and in a relatively few years.

So while I do not necessarily agree with all the details of the President's program, I think he has addressed, in a thoughtful and responsible way, the central concern of millions of Americans who are either now retired or have the

hope of retiring, based on the payments that they make to social security.

I tell you, Mr. President, I have talked to people out in my State and in other States as well. They are haunted by the fear that social security is going to go belly up. I do not think the Senate is going to let that happen. I do not think Congress will let that happen, and I know President Reagan is absolutely opposed to letting that happen.

So he has sent up to the Hill a proposal which makes sense. I do not endorse it in detail. I think it needs some fine tuning.

Mr. President, I really regret the Senator from New York has come forward with this particular resolution and with the tone of the resolution, which, it seems to me, makes is more difficult rather than more possible for us to arrive at a bipartisan consensus approach to this problem by its very nature.

I will say this—I think it is unfortunate that the administration sent this measure up to the Hill at the time it did. It arrived here just at the very moment when there had been a very spirited, very vigorous partisan dispute on another matter in which the President had won a big victory in the other body. The temptation, particularly in the other body, was just overpowering to take political potshots at the next thing that came over the horizon. It just happened to be the social security bill.

I understand that kind of political response, but I think at this moment—in fact, let me say, Mr. President, that I do not think a political response to a problem is necessarily a wrong response in every case. In this particular instance, this particular issue, it seems to me, is very ill-suited to partisan sharpshooting. We have a problem which stretches decades out into the future. The fund is in trouble in both the short and the long term. I think this is a moment when we all ought to back off a little and lower our profile a little.

We ought to follow the example, if I may say so, of the chairman and the subcommittee chairman of the Ways and Means Committee of the other body who are moving forward and who are expressing the desire of accommodation and moderation and conciliation, and work out a package that makes sense to the end that the social security system will be restored to solvency, will be put on a basis where no American ever has to wonder whether or not his social security check will come next month, next year, and for the rest of his life. That is the goal of the President: that is the goal, I think, of every Senator.

Mr. President, I honestly must say that I do not think the pending sense-of-the-Senate amendment really well expresses that need. I regret the overly inflammatory language of the resolution and I, for one, intend to join in sponsoring, with the Senator from Kansas, alternative language that I think expresses in a more positive tone the desire of Senators to restore social security to a sound basis.

Let me add, Mr. President, just as a final note, that it is my expectation, after consultation with the chairman of the Committee on Finance and the minority members of the Subcommittee on Income Maintenance, which I am privileged to chair, to announce hearings on the subject of social security reform at an early date. It will be my desire in those hearings, as it is today, to work out something we can all agree to and that will not be the subject of a partisan dispute or partisan vote.

Mr. COHEN. Mr. President, I want to associate myself with the remarks of the Senator from Colorado and the Senator from Kansas. We intend to offer the resolution at an appropriate time following the vote on Senator MOYNIHAN's amendment.

Let me say, Mr. President, I have heard the phrase, "breach of faith," used throughout the day today. I say that it would be a fundamental breach of faith to politicize the social security trust fund. That would be a breach of faith to the people of this country.

I say it would be a breach of faith—it has been a breach of faith, for the Congress of the United States over the years—to have allowed this trust fund to be placed in jeopardy as far as its solvency is concerned. We have added benefits without being able to pay for them. That would be a breach of faith.

It would be a fundamental breach of faith if we allowed this trust fund to go bankrupt. That would constitute a breach of faith.

As has been suggested, there are a number of suggestions and proposals being considered in both Houses.

We have one by Senator CHILES, a Democrat from Florida, who was courageous enough—and he represents a good many elderly in his State—to say that the trust fund is in trouble and it may very well be that we will have to extend the retirement age at some future time, perhaps beginning in 1990, from 65 to 68. That was a Democratic proposal.

Representative PICKLE, from Texas, also has made a similar proposal, and he is a Democrat.

A Republican in years past, BARBER CONABLE, in the House, proposed that perhaps we have to take some of the money out of part B of the medicare program and transfer that to the social security trust fund on a temporary basis, on a near-term basis, before we start raising taxes and putting higher taxes on the backs of our working people.

Now there is the Reagan proposal, which is being discussed and criticized so much, which would penalize some for seeking early retirement.

I maintain, Mr. President, that it is not enough to condemn the President for this proposal. I do not happen to share the belief that this is the way to go, but I do not believe we should start cursing the darkness. We are told we should start lighting a candle.

What we hope to do in the course of today is to light a candle on a bipartisan basis and have the Democrats join the Republicans and not politicize this issue, and see if we can come up with structural changes in order to maintain the solvency of the social security system. Let us not put fear into the older people of this country, especially on a partisan basis, that either they are going to have benefits cut back or the trust fund is going to fail. This kind of debate is debilitating and is contrary to the spirit which I believe should prevail if we are going to save this fund.

When the time comes to vote on the amendment of the Senator from New York, I hope we will vote to table or to defeat his amendment, but with the idea that we can join later in bipartisan support for a resolution which will recognize the serious difficulties facing the social security trust fund and in a bipartisan commitment to propose constructive alternatives to the present situation.

Mr. HEINZ and Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Mr. GRASSLEY). The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, in view of the partisan wording of this resolution, I must cast my vote in opposition to it. As chairman of the Senate Special Committee on Aging, I know how important adequate social security benefits are to the well-being of older Americans. I also know how important the goal of achieving financial stability for the social security trust fund is to maintain the confidence of the American people that they will have some degree of economic security when they retire.

In my view, the administration has taken a first step toward addressing this critical goal. The package proposed last week by Secretary Schweiker addresses many reform issues in social security. It addresses both the short-term and long-term problems of financial solvency head on, based on worst-case economic assumptions. It avoids reliance on general revenue financing. It avoids increases in payroll taxes beyond those already scheduled. It protects the benefits of those now receiving social security from significant erosion.

I oppose some of the proposals, such as drastically reducing benefits at age 62, which strikes me as grossly unfair and precipitous.

Yet, I welcome the President's initiative, for it means that Congress can begin the necessary job of putting social security back on a sound basis. I also welcome the emphasis in the proposals on restoring incentives for continued employment for older Americans.

I believe that these proposals must be carefully studied by the Congress, along with other proposals for comprehensive changes to the system. Secretary Schweiker has already indicated that these proposals are made in the spirit of dialog with the Congress.

Certainly compromises and changes are essential and will take place as we consider the issue. This is a matter of the greatest concern to me and to my colleagues on the Finance Committee and on the Special Committee on Aging. I can assure those persons already retired and those close to retirement that we will sensitively address their legitimate expectations as we consider any changes.

Mr. President, as chairman of the Special Committee on Aging, let me announce for the benefit of the public and

my colleagues that I intend to hold hearings on this and other comprehensive proposals for reform of the social security system in the committee early this summer.

In closing, Mr. President, let me emphasize my deep regret that this resolution has been offered as a narrow and strictly partisan amendment to the appropriations bill. Indeed, I cannot recall, during my service in the Senate—which coincides with the period of service of my colleague and friend from New York—a more blatantly partisan resolution. If the job of shoring the social security trust fund is to be accomplished, it must proceed on a bipartisan basis. I do not think that casting the issue in partisan terms furthers our ability to proceed to doing the job that is necessary, and the job that all Americans have every right to expect that we do in the most careful and thorough manner possible.

If my colleagues on the other side of the aisle were serious about their concern—as stated in this resolution—about the solvency of the social security trust fund, I would think they would want to come forward with a constructive alternative solution. But I see no such solution in sight.

As my friends and colleague from Maine has pointed out, I suppose this resolution is meant to be a rejection of what Representative PICKLE has proposed in the House and a rejection of what Senator CHILES has proposed in the Senate. Both those gentlemen have proposed changing the circumstances for those who would seek to retire at 62 or 65 with respect to the amount of money such persons would receive. If that is the intent of this resolution, it should be so stated, not left to everybody's imagination. If there is a better way, it should be presented—which it is not.

It is this Senator's judgment that this is also an issue which if brought to the floor today for a vote—and I am talking about the proposal to reduce retirement benefits for those who are age 62—there is not a chance it would pass. I doubt that there would be more than a handful of votes on either side of the aisle, even though Senator HOLLINGS and others have indicated their interest in making changes in the benefits for people about to retire.

So it is with great concern that I see the debate over social security politicized.

Mr. President, I hope we will succeed in tabling the amendment offered by Senator MOYNIHAN. I say that notwithstanding the fact that I find the resolving clause pretty hard to disagree with. I do not know of anybody in the Senate who is for "precipitously and unfairly denying those men and women approaching retirement age social security benefits on which they have planned and to which they are entitled."

But I suppose that my colleagues on the other side of the aisle would like everybody to believe that anybody who is not in support of this amendment believes that way. That simply is not the case.

Were the Senator from New York to offer his proposal without all his "whereas" clauses, which are as much voted on as the resolving clause, I have no doubt that it would be agreed to overwhelmingly. But the Senator from New York and the Democratic Caucus have placed in the "whereases" a variety of things that he knows are simply partisan flags and unfair characterizations.

Mr. President, I do not wish to detain the Senate further, but I wish the Senate would look carefully and dispassionately at the issue of what we need to do with social security. We are going to need a bipartisan approach. It is my strong feeling that what we are doing here is engaging in partisan pyrotechnics that will make those solutions harder to find.

Even the author of the amendment admits—at least, it is implied that he admits—that the insolvency of the social security trust funds is a problem. The only question I ask is, How does this amendment solve that problem?

Mr. MOYNIHAN and Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. MOYNIHAN. Mr. President, I have asked for the floor five successive times and found the speakers always to the other side. This is not my understanding of comity in the Senate.

The PRESIDING OFFICER. The Senator from Kansas has been recognized. The Senator from Kansas has the floor.

Mr. DOLE. Mr. President, I do not want to take all the time. Perhaps we can extend it.

I suggest that there have been about 3½ hours of debate, and this side has had about 25 minutes. It was not many hours ago that the Senator from New York complained about the dearth of speakers on the Republican side, and we finished our other duties and rushed to the floor.

Mr. MOYNIHAN. Will the Senator allow me to repeat that no Senator from the other side asked for the floor?

Mr. DOLE. I beg pardon.

Mr. MOYNIHAN. No Senator from the other side asked for the floor during the early first 3 hours of this debate.

Mr. DOLE. The Senator from Kansas was here and made an inquiry, and I understood the Senator from New York would proceed until 12:30 p.m. at which time I proceeded to do something else.

Mr. MOYNIHAN. That is why we arranged to have the vote at 3 p.m.

Mr. DOLE. So we are making progress, it seems to me.

Mr. MOYNIHAN. Perhaps the Senator would ask unanimous consent that we have at least another 15 minutes of debate because some charges have just been made that need to be answered.

Mr. DOLE. Charges that the Senator from New York has made are what we are answering. We have not had time to answer all the charges made by the Senator from New York. Perhaps another 15 minutes would be helpful, if there is no objection from the leadership.

Mr. MOYNIHAN. Then I withdraw the request. Let the record stand.

The PRESIDING OFFICER. The Senator from Virginia will have the floor at 3:13 p.m. under a previous order.

Mr. HATFIELD. I have to have 1 minute at least.

Mr. DOLE. The Senator from Kansas will take only 1 minute then.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I do not know that there is any real dispute in this body. Some, as I said, want to raise the age to 68, and there are some in the Chamber now who would do that.

Some would prefer to affect early retirees.

We cannot avoid the problem. The problem is that the system is in trouble. I hope if we are going to pass any amendment it will be the one that this Senator will offer that I think is very general. It calls for a bipartisan commitment. It does not point the finger of blame at anyone.

In my final seconds I will just for the record again indicate that for 26 years this body and this Congress has been in the control of one party and now we are 4 months into a new administration with a President who is trying to correct some of the past mistakes and trying to bring solvency and integrity to the system, and we have a political charge made against him.

So I hope that the record is clear that we will work this out at the appropriate time. The Senator from Kansas has reservations that I have indicated publicly about some suggestions that have been made, and I hope that we will have the support of every Member of the Senate when we bring a social security bill to the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, I do congratulate the Chair for seeing that I am here.

Mr. President, the distinguished chairman of the Finance Committee is going to propose an amendment that states Congress shall not precipitously and unfairly penalize early retirees. He is right. That is what the proposal of the administration does and he knows it. That has caused a great deal of grief on the opposite side, and I do not blame anyone, but it is hardly correct to say that we have made this a partisan issue.

We fought on this floor 45 years ago for social security and it was opposed by the opposite side and now it is said that the Democratic Party is determined to find something to stand for. We do stand for the integrity of this system and the Senator does know what has been proposed, and that is why he would not dare have an up-and-down vote.

The Senator will move to table, and his own amendment says exactly what we say, that this proposal of the administration precipitously and unfairly penalizes early retirees.

Mr. DOLE. We have changed that wording.

Mr. MOYNIHAN. The Senator has changed that wording.

As to the bipartisanship, it will be a bipartisan effort in time.

We are happy to yield.

The PRESIDING OFFICER. The Senator from New York will suspend.

Under the previous order, the Senator from Virginia is recognized.

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

Mr. HARRY F. BYRD, JR. I yield.

Mr. SARBANES. Mr. President, I rise in support of the pending amendment.

Mr. President, the proposed wide-ranging changes in our social security system recently set forth by the administration have caused deep concern, anxiety, and fear among the American people. I share the concerns of the people over these proposed changes; changes which bring into question the dependability of commitments made by the Government to our citizens, particularly those who have been given promises with respect to their retirement years. Working men and women have paid into the social security system with the understanding that in the event of disability, death, or upon retirement established benefits will be paid to them and their families. We should not break this commitment when so many of our citizens and families have planned and relied upon established program benefits. It is imperative that we keep faith with the pledges already made and counted on.

It is of great importance to our society that every individual have dignity, self-sufficiency, and self-respect. A major ingredient for self-sufficiency and therefore dignity, is economic independence. Social security benefits are provided to more than 90 percent of our older citizens and are often their most important single source of income. It has been estimated that the social security program has cut the incidence of poverty among the aged by two-thirds.

Even with these benefits, the incidence of poverty among the elderly is increasing. A recent report shows that the percentage of the elderly below the poverty line climbed from 14 percent in 1978 to 15 percent in 1979.

We must recognize the importance of the social security system and oppose the proposed reductions in benefits. Social security rests on a pledge between our citizens and our Government, a pledge which has been honored for nearly 50 years.

It is a bridge joining the present and the future, a standard on which Americans have always been able to rely and should be able to rely. Retired people and those about to retire in the near future should not be treated so cavalierly. They deserve better for a lifetime spent working to build our country.

Mr. BAKER. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. HARRY F. BYRD, JR. I yield.

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the vote be extended by 5 minutes so that we can undertake certain other requirements now.

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

Mr. BAKER. Mr. President, if the Senator will yield to me on my time with the understanding he still has 2 minutes before the final conclusion of debate and vote on this measure, I wish to restate now the remainder of the request which I withdrew previously.

I ask unanimous consent that the amendment now before the Senate offered by the distinguished Senator from New York be considered as an excepted amendment and that action taken earlier by the Senate in adopting committee amendments en bloc be considered original text for the purpose of further amendment; further, that no amendment to the amendment of the Senator from New York be in order; that upon the disposition of the amendment by the Senator from New York or any motion in relation or other action in relation to that amendment that the Senator from Kansas (Mr. DOLE) be recognized next to offer an amendment and that no amendment be in order to that amendment.

The PRESIDING OFFICER. Is there any objection?

Mr. CHILES. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from Virginia is recognized under the previous order.

Mr. BAKER. There is a reservation.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, I wonder if the Senator from Florida can get 1 minute? My name has been mentioned several times in debate and I have not had a chance to respond to that.

Mr. BAKER. Mr. President, I further ask unanimous consent that the Senator from Virginia have the last 2 minutes before the next 2 minutes and that after the time allocated to the Senator from Virginia has expired the Senator from Florida be recognized for 1 minute and the Senator from Oregon, the manager of the bill and the chairman of the committee, be recognized at that point for the remainder of the time.

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

The Chair recognizes the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I had been prepared to support the Moynihan amendment. I could support it because I favor the resolving clauses.

Stripped of all verbiage, the resolving clauses assert that there must not be unfair or precipitous action in any changes in the social security program, and, Congress must insure a solvent social security system.

The part of the resolution that I have trouble with, and I would have to make clear, is that I do not associate myself with some of the extreme rhetoric in the preamble. I must disassociate myself also with any implied attack on the President of the United States.

The substitute to be offered by Mr. DOLE has identical, virtually identical, resolving clauses. So that meets my needs and requirements as to what the Senate should say in regard to this matter without using the harsh language of the Moynihan proposal.

For that reason, I favor the Dole proposal over the Moynihan proposal.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida.

Mr. CHILES. Mr. President, my understanding is on several occasions during the debate this afternoon there has been mentioned the bill that I introduced in February to attempt to correct the system. I am delighted for that recognition, and I wish to say that as of now I still do not have a cosponsor but I am open to cosponsorship. I felt in February that if we are going to have to take some tough medicine it was going to be necessary to face up to whether we were going to cut benefits, whether we were going to raise taxes, or whether we were going to extend the retirement age.

It looks like the administration attempted to cut benefits, and that does not seem to be too popular. I do not know. Maybe someone wants to come up with raising taxes. I decided to elect to extend the retirement age.

I say, though, that I do not see anything in that resolving clause of the amendment that we now have before us that says that we should not accept the Chiles solution, that I was trying to come up with in February.

I think we do say that we recognize that there are problems in the system that must be faced, but we do not want to go further in cutting people and what we need is to face those problems.

I urge the membership on both sides of the aisle to take a look at the bill that I introduced in February. I hope that we will work toward something in that regard as we start working together in a final solution to this problem.

The PRESIDING OFFICER. Under the previous order, the Chair recognizes the Senator from Oregon.

Mr. BURDICK. Mr. President, I join the distinguished senior Senator from New York as a sponsor of this resolution with feelings of shock and consternation at the proposed cutbacks in social security benefits announced by the administration last week. They would constitute a serious breach of faith by the Federal Government in its commitments to millions of older Americans. I am upset by the sudden and drastic nature of some of these cuts, and I am even more upset that they go far beyond what is necessary to attain solvency in the social security system.

First, the proposed reduction in early retirement benefits demonstrates a callous disregard for those Americans approaching 62 years of age who have planned their retirement with the expectation that they would receive 80 percent of full retirement benefits. You cannot suddenly tell these people that their benefits will be reduced by one-third and expect them to adjust their individual budgets accordingly—the subtraction of even a few dollars per month from budgets which have been carefully planned over a number of years can mean substantial financial hardship. Since about 70 percent of working Americans now retire and begin drawing benefits before the age of 65, this proposal would affect millions of this country's senior citizens.

Second, the savings generated by the various cutbacks appear to be far greater than the projected deficits which they are intended to alleviate. The administration's own figures indicate a $11 billion deficit in the social security system for the period of 1982 through 1986. Yet the changes in the program which were announced last week by Secretary

Schweiker would result in over $46 billion in savings over this same period. Some have charged that the administration seeks this enormous surplus not for the future solvency of the social security fund but to help with the President's goal of balancing the budget. But I am more concerned with the impact of the administration proposals than with the motivation behind them. There is no justifiable reason for betraying the trust of countless older Americans who have paid into the social security system in good faith and who are entitled to the benefits which they have been promised.

I recognize the need for serious reform of the social security system and there may be some elements of the administration program, which in combination with various proposals now under consideration in Congress, will contribute to that reform. But fairness dictates that our guiding principle in this debate must be that those men and women who are now close to retirement will not suffer a sharp and sudden reduction in the social security benefits on which they have counted for so long and to which they are clearly entitled.

Mr. CANNON. Mr. President, the headlines over social security have been coming fast and furiously in recent days and many of my Nevada constituents are more alarmed on this issue than they have been on any other issue in my 23 years in the Senate.

And alarmed they might well be. On one hand, they read the headlines warning that the system will be running in the red in a year or 2. On the other, they read of administration proposals to delay cost-of-living increases and to undercut the anticipated earnings of citizens nearing retirement.

Social security financing is of vital concern to 90,000 Nevadans receiving benefits and to all prospective retirees. With census figures showing that Nevada is experiencing the largest increase in the Nation in the population over age 65—a whopping 98-percent jump in the past 10 years—it is an utmost priority of mine to protect the hard-earned retirement benefits of my older Nevada citizens.

The elderly, who are oftentimes an easy target for the bureaucrats, should not bear a disproportionate share of Washington's budget-cutting fever. As a general proposition, I oppose any tampering with the basic retirement program under social security. It will be a guiding principle of mine, throughout the ongoing Senate debate, to adamantly oppose any changes in the benefit expectations of current beneficiaries and to work to prevent the disservice that would come to Nevadans who contribute to the system throughout their working lives with the expectation of retirement security matching the rising cost of living.

That is why I am proud to be a cosponsor of Senator MOYNIHAN's amendment. Reassurances must be made to the elderly of this Nation that the Congress will stand firm in protecting their meager incomes.

As we go about strengthening the financing picture of social security, we must accomplish this goal without prejudicing the retirements of millions of social security recipients.

● Mr. BOSCHWITZ. Mr. President, before I vote on the Moynihan amendment concerning President Reagan's social security proposal, I would just like to clarify for the record my reasons for opposing this amendment.

President Reagan's proposal does not cut the benefits of the 36 million beneficiaries currently on the rolls. The only change that would impact these beneficiaries currently on the rolls. The only delay in the automatic cost-of-living increase scheduled for July 1982.

In fact, although several Members of Congress have proposed raising the retirement age to 68, President Reagan has refused to tamper with the traditional retirement age of 65. Instead he has chosen a far more flexible and reasonable approach—he offers incentives to retire after 65 and disencentives to retire before 65.

In addition, the President has proposed abolishing the retirement earnings test which has penalized those elderly individuals who have the good health and desire to work after 65. This reform proposed by President Reagan will allow retirees to go back to work on a part- or full-time basis to earn supplemental retirement income without being punished by losing a portion of their social security benefits.

All in all, I think the administration has put forth a constructive proposal which is worthy of our serious consideration. I do not support all elements of it—for instance, I think many of its provisions should be phased-in over time so that its impact is not so sudden and severe—but, I cannot support a resolution which outright condemns the entire proposal as precipitous, uncompassionate, heartless, or one of the many other adjectives which certain of my colleagues have used to describe it.

There is no question that the social security system is heading for serious financial problems in the near future and that action must be taken to insure the system's solvency for future retirees. Tough decisions are going to have to be made in the future which will not be easy or popular. President Reagan has put forth a serious proposal because of his concern about the solvency of the social security system and Congress must not take action to condemn it before we have had a chance to carefully review and debate all of its provisions. Therefore, Mr. President, I will vote against this sense-of-the-Senate-resolution which I feel is passing premature judgment on a proposal which has yet to receive the serious consideration it deserves.●

ADMINISTRATION'S PROPOSALS BREAK CONTRACT WITH NATION'S SENIOR CITIZENS

● Mr. BIDEN. Mr. President, on Tuesday, May 12, Secretary Schweiker announced the administration's plans to severely cut social security benefits for millions of Americans. These proposals if enacted would signal a significant retrenchment in America's commitment to her senior citizens. We would be in effect, changing the rules in the middle of the game for the millions of Americans who have regularly and faithfully contributed to the system for years with the expectation that they would get certain benefits under certain conditions.

It is like a contract. To reduce benefits for early retirees beginning 7 months from now breaks that contract. It is unfair and it shatters public confidence in the system.

The draconian nature of these proposals is also unnecessary. Obviously the social security system has financial problems and these problems must be solved, but not at the expense of weakening the system's integrity. The Reagan proposals seek to solve this problem in one way: By cutting benefits. But there are other alternatives such as interfund borrowing which, in part, could ease the short-term cash flow problem facing the system now.

I am firmly opposed to the proposal to reduce early retirement benefits beginning January 1. Retirement is not a decision which is made overnight. Most persons plan their retirement 5, 10, or 20 years in advance. Their retirement income are premised on the expectation that they will receive x dollars in benefits. If this benefit is cut by 25 percent as the administration proposes, then many persons who wanted to retire could not afford to retire or they would incur a substantial drop in the quality of living.

We should not be deceived into thinking that everyone who retires at the age of 62 is fully capable of working another 3 years.

A nationwide survey prepared for the National Commission on Social Security found that 51 percent of all retirees and 63 percent of all those who retired before the age of 62 retired because of health reasons. Perhaps some of these persons could work for another 3 years, but many are just barely able to work because of ill health. To work another 3 years could cause irreparable physical and mental health damage.

Even among those workers who did not retire because of health reasons, retirement may be involuntary because of mandatory age restrictions, layoffs, plant closings, or inability to perform the tasks necessary to do their present jobs.

I am also concerned about the administration's proposals to reduce the replacement ratio from 42 percent to 38 percent of a worker's preretirement earnings. There is nothing sacred about a 42-percent preretirement earnings ratio. Most experts agree that a retiree needs about 67 to 75 percent of his average preretirement earnings in order to maintain the same standard of living. But we have to recognize that social security alone cannot meet all the income needs of a senior citizen. It was never intended to be the sole source of retirement income.

The Social Security Administration reported in 1976 that of 17.3 million households aged over 65, 10.6 million relied on social security as their sole pension source. Of these 10.6 million, fully one-third lived below the poverty level, even with social security benefits.

If you have outside earnings plus your social security you may be in good shape. If you have unearned income from stocks and bonds or private pension in addition to your social security you may be alright. These are the type of people who can afford to move to condominiums in Palm Springs or travel to Europe. But for

many senior citizens, that social security pension is all they have. And although the pension may be indexed to inflation, it was never enough to meet basic day to day living needs.

Mr. President, the administration says it wants to encourage people to work longer. Included in the Reagan package is a proposal raising the earned income limitation from the present $5,500 in 1981 to $10,000 in 1983 and removing it entirely by 1986. I agree with that policy and I have argued since I came to the Senate that the earned income limitation should be lifted.

But for the older person who is physically unable to work, for the worker who can work at some job but not his present job because of physical limitation and for those elderly facing age discrimination in the job market, the administration proposals do not help them. They are not enough.

If you are going to say to America's workers that they cannot retire at 62, that social security benefits are no longer going to be as generous as they once were, that we will no longer fully protect them against the effects of inflation, then I believe that you have to have alternatives. You must be able to say there will be a way to give senior citizens the income protection they deserve. And there are alternatives which I believe we should be encouraging:

We can encourage greater savings for retirement by expanding the use of IRA's and Keough plans.

We need to strengthen our system of private pensions under ERISA.

We can develop innovative financing plans like the reverse annuity mortgage which would help unlock some of the equity senior citizens have in their homes.

We need to vigorously combat the notion that old people can no longer productively contribute to our society.

We can encourage private industry to experiment with programs of retaining older workers on a part-time basis where their skills and experience can still be used.

We can establish experienced worker retraining programs so that the plant worker who is laid off at age 58 does not go on disability or early retirement.

We can find ways of helping displaced homemakers and widows earn extra income so that they do not spend the remainder of their days living in abject poverty.

There are probably countless other ways that we as a society could help our elderly fend for themselves without paying an additional dime in social security benefits. But the administration did not propose these alternatives.

I find that distressing because I think the administration views our senior citizens as a drain on our society rather than as an asset waiting to be utilized. We assume that because they are older, perhaps more frail and not able to work 40 hours a week that perhaps they are ready to retire and that they have nothing left to offer.

The administration says that everyone has to sacrifice in order to get this economy moving again. I agree but let us not forget that the people who retire in 1982 were born in 1920 or earlier. They spent their adolescence in the midst of the Great Depression.

The generation which retires next year was also the generation that fought the Second World War. For those of them that came back alive they spent much of the 1940's and 1950's building the prosperity which we, their children, have come to enjoy. This generation knows the meaning of sacrifice because they have had to sacrifice before.

And now after sending their children to college so that they might have a better life, they are looking toward their own retirement and all of a sudden they are being told we can no longer afford them. Social security has become too expensive. Instead of saying to our parents, "You've given a lot and we are thankful. We are saying we cannot afford the cost of providing for you." I find that ironic, especially when we have a President who epitomizes just how much a senior citizen can offer to our society.

Mr. President, I think that these proposals are a terrible mistake. Senior citizens in our country today have given a lot. They are entitled to the benefits to which they have contributed to for so many years.

I firmly believe that the best measure of the humaneness of a society is the way in which a society treats its elderly. The Social Security Act marks America's commitment to itself. It is the bedrock of our entire social welfare system. We have a great task ahead of us to preserve and strengthen that foundation. We have a commitment morally as well as financially to maintain that system. But it will take vision and some imagination to do so. Those who would propose slashing benefits to senior citizens seem to view our elderly as a drain on society. That is a mistake.

I can only hope that we as Representatives and Senators will offer America's senior citizens a better alternative. One which will preserve the integrity of the social security system by treating our senior citizens as the asset to society that they are.●

● Mr. LEVIN. Mr. President, this Government has a clear obligation to keep the promises it makes to the American people. The proposed reductions in social security benefits break the pledge we have made to millions of American men and women who have contributed to the system and who counted on the system to provide them with a promised level of income.

The human and ethical consequences of the kind of changes which have been proposed are almost beyond calculation.

It is unacceptable and offensive to tell people who have contributed to a system throughout their working years that a decision to retire early, a decision not always under their control and a decision which the system promised would be available, will result in a substantial reduction of benefits.

It is unacceptable and offensive to tell people who have been counting on social security to see them through their retirement that their benefits will be cut and their incomes reduced. Not only diminishing the Government's reputation for honesty—we are also ruining the plans and dreams and lives of millions of people.

It is unacceptable and offensive that the President, during the campaign, pledged to retain the social security safety net and now, a few short months later, seeks to retract that promise and withdraw that protection.

Mr. President, I know that the social security system faces real financial problems and reforms are going to have to be made. But there are other ways—less destructive and more in keeping with our promises and obligations—to fix the weaknesses which now exist. We can, for example, transfer money from general revenues; we can transfer some programs, like medicare, out of the system and then fund them through normal mechanisms. But we should not—we cannot—reduce benefits for people who have been promised them, who contributed their earnings and rely on them otherwise, and who depend on them.

There are financial issues of great significance associated with this question. But there are moral issues of even greater significance attached to it as well. Are we, as a Government and a people, prepared to break our word to our seniors and disabled? Are we prepared to prove our fiscal frugality by forcing our fellow citizens to accept less than they were promised and less than they are entitled to?

Mr. President, I cannot support such a proposal. I cannot endorse such a policy. This amendment allows us to say that we will protect the promises that have been made to the American people over the past decades. And it allows us to tell the American people that they can trust the pledges their Government makes.

The proposals being discussed by the President are unnecessarily harsh and premature. I cannot support them and I call on my colleagues to repudiate them by voting for this amendment.●

Mr. BAUCUS. Mr. President, I rise to support this amendment.

Earlier this week, President Reagan outlined his proposals for putting the social security system on a sound financial footing. For months now, all of us have read the stories that by next year benefits threaten to outstrip revenues.

The administration claims its plan will prevent this from happening. But is this really the best approach? I am not so sure.

THE PROBLEM

Social security was born in 1935 during the worst of the Great Depression. It has been one of the most successful and effective Government programs ever created.

The program was designed to protect Americans from poverty and financial insecurity upon retirement, in case of disability or on the death of the family wage-earner.

Each month, roughly 35 million Americans—one in seven—receive some $9 billion in benefits from the social security program.

Until recent years, these benefits were assured by a solid base of reserves in the old age and survivors insurance (OASI)

trust fund, the largest of the three trust funds that finance the social security system.

Now, however, several projections, including those by the Social Security Administration's own actuaries, conclude that the OASI trust fund will run into trouble during the first part of the fiscal year 1982.

The Congressional Budget Office, in a February 1981 study entitled "Paying for Social Security Funding Options for the Near Term," cites four reasons for the current problems:

High rates of inflation;

Low productivity growth and declines in real wages;

Growth in and anticipated continuation of high unemployment rates; and

Allocation of what appears in retrospect to have been too large a share of the payroll tax to the DI—disability insurance—and HI—hospital insurance—trust funds in the 1977 amendments.

In 1979 and 1980, generally high inflation rates, attributable in part to large increases in oil prices and the record high interest rates, combined to depress real income growth.

The report states—

This decline in real incomes . . . limited the growth in revenues to the trust funds. In addition, high rates of inflation led to large automatic cost-of-living adjustments in benefits, further drawing down or limiting increases in trust funds' reserves.

The U.S. economy experienced a mild economic downturn concentrated in the first half of 1980, followed by a moderate recovery in the latter part of that year.

The report says—

A weak recovery is expected in the first half of 1981. The higher unemployment resulting from the slowdown will further weaken the trust funds, because fewer workers will contribute payroll taxes, and because older workers will expect to retire earlier. Even with a mild economic upturn, however, the expected persistence of high inflation rates over the next few years and the slow growth of real income will further stimulate growth in outlays while limiting revenues to all three funds.

THE REAGAN PROPOSALS

President Reagan's solution to these problems is to take several steps that would have far-reaching effects on America's elderly.

The President would reduce benefits for workers who retire before they reach age 65.

He would phase out the retirement earned income test, and try to keep Federal retirees from also getting social security benefits.

Disability insurance provisions would be changed to reduce these benefits.

The annual cost-of-living adjustment would be moved from July to September.

OTHER OPTIONS

However, the Reagan proposals are just a few of the options Congress could adopt. The CBO report identifies several others:

Accounting changes such as interfund borrowing, realining the way payroll taxes are allocated among the three trust funds or merging all three trust funds into one. These approaches seek to capitalize on the fact that only the OASI fund appears to be in trouble now.

Benefit changes such as modifying the annual cost-of-living benefit increases, or cutting certain benefits—minimum, lump-sum, death and certain parents' benefits and phasing out student benefits.

Revenue modifications such as borrowing from the U.S. Treasury, changes in payroll taxes or financing HI benefits from the Treasury.

Our colleague, Senator CHILES, has sponsored one combination of such proposals; CBO says other combinations also could be drafted.

MY VIEWS

Over 45 years ago, Congress made a commitment to America's elderly that they would be protected from poverty and financial insecurity when they retire.

These modest, but hard-earned benefits must never be jeopardized, especially in these days of double digit inflation and high energy costs. We must not break faith with retired Americans who have paid into social security for years with the expectation that they will be assured a retirement income.

President Reagan's proposals threaten the very heart of this commitment. Few would disagree that the social security system faces funding difficulties unless this Congress takes action.

The administration proposals, however, go far beyond insuring financial security for the social security trust funds.

These proposals would reduce benefits for many Americans who depend on social security for their existence. For someone who is nearing 62 and has planned to retire because of ill-health there is little compassion. The President's plan would cut that person's benefits by 25 percent.

President Reagan's plan would tell senior citizens to wait an extra 3 months before receiving benefit increases so essential in times of high inflation.

If President Reagan's plan were enacted, workers retiring at age 65 would receive smaller benefit checks each month—these cuts would climb to 10 percent, in real terms, by 1987.

These social security cuts are severe—far more so than is needed to keep the trust funds solvent. Such cuts look to me like the work of an accountant whose main concern is a ledger sheet. They are not the work of a compassionate person.

This Congress has an opportunity to change this. We can put the social security system on a sound footing once again without endangering the benefits 35 million Americans now receive.

Social security was founded to improve the quality of life for older Americans. In 1935 it was a bold and innovative idea—somewhat revolutionary. The Reagan administration's plan does not reflect any of that spirit.

I do not want to see the retirement benefits of 35 million Americans mortgaged on the politics of cut and slash. I believe in the safety net concept, and I thought the administration did, too. But this proposal does not reflect that fact.

It is our responsibility to adopt a plan that protects seniors and the social security trust funds.

● Mr. CRANSTON. Mr. President, I strongly support and am glad to be a principal cosponsor of the amendment offered by the Senator from New York (Mr. MOYNIHAN) to express the sense of the Congress in opposition to the proposal of the Reagan administration to reduce drastically social security benefits—benefits which millions of Americans must depend upon for their survival. This amendment embodies the resolution adopted yesterday unanimously by the Senate Democratic Conference.

Mr. President, this proposal from the Reagan administration constitutes an unconscionable breach of faith with those Americans who have contributed, in many cases for over 40 years, to the social security system and who are now on the brink of retirement. Without warning, this administration would slash their benefits in excess of 25 percent. A worker expecting to receive $247 a month at retirement next year would see his or her monthly benefit shrink to $163. Benefits for dependent children of workers retiring between ages 62 and 65 would be eliminated entirely.

Mr. President, the impact these drastic reductions would have upon retirees is compounded by the fact that the administration proposes that they take effect in January 1982. Those individuals planning retirement next year would have no opportunity to plan or prepare for these reductions. This proposal would perpetrate a cruel hoax upon these individuals who have worked and contributed for years to the social security system, only now to be threatened with having expected benefits snatched away without any warning.

Mr. President, we need to take steps to secure the fiscal stability of the social security system. But we do not need to do so at the expense of those who depend upon social security for their very survival. I do not believe the American people will countenance this unwarranted attack upon the basic benefit structure and upon the very foundation of the social security system.

The administration's proposal cuts far deeper into the benefit structure than necessary to protect the fiscal stability of the system. Moreover, there are a number of options to deal with the short-term fiscal problems—such as interfund transfers and use of general revenues for the hospital fund—which have not been utilized and should be fully explored before any reduction of this type, or magnitude, in the benefit structure. Any long term changes need to be very carefully thought out and certainly should not be precipitously implemented.

Mr. President, I also want to stress that the President's proposal would hurt those who are least able to protect themselves or find other sources of income to offset these drastic reductions in the level of benefits, for the vast majority of workers who retire between 62 and 65 early retirement is not "voluntary." Ill-health and age discrimination force many people into early retirement. To place the burden of budget cuts upon the backs of these retirees—who are least able to find alternative sources of income—is simply unfair.

Mr. President, I believe it is critical that the Senate express its disapproval of these proposals today. An estimated 70 percent of the 2 million Americans expected to retire next year would be hurt by the administration's proposal. They need to hear that the Congress will not countenance this cruel breach of faith, this breaking of the fundamental compact under which they dutifully paid their social security taxes for decades, this undermining of the confidence millions of Americans have in the social security system.

If our citizens cannot trust their own Government to keep its word on such a basic issue, who can they trust? I strongly support the amendment and urge its adoption.●

Mr. HATFIELD. Mr. President, I wish to just make one observation.

We have now expended about 3½ hours on this amendment which solves no problem, which offers no detailed solution to the problem, which has been a very excellent debate, and I certainly commend the Senator from New York for raising the issue because it is a fundamental issue.

But I wish to say, as the chairman of the Appropriations Committee, I have sat through hours and hours and hours of the rhetoric and discussion both in the Chamber and in committee and in conference committee that have added nothing to the solution of those issues, and the appropriations process has been used to piggyback every other possible thought or idea that has come into the mind of the collective Senate.

What has happened as a result is that we have been bogged down in the whole appropriations process, and I wish to serve notice as I have before in this Chamber that I am going to do everything I can possibly to expedite the appropriations process to restore it to a responsible, constructive role in the Senate.

Therefore, I moved to strike the abortion language to keep it clean so we go to conference to resolve the differences on the appropriations questions and not other extraneous issues that may be very important but should be handled in different vehicles.

So, therefore, with no prejudice whatsoever to the Senator's motion or to his amendment, without in any way denigrating the right of the Senator or demeaning the issue that he has brought up, because these are all vital issues, but I do feel that because this is the appropriations vehicle we should keep it clean and, therefore, I move to table the amendment of the Senator from New York.

Mr. MOYNIHAN. Mr. President, would the Senator allow me just one comment in support of his comments?

Mr. HATFIELD. Yes.

Mr. MOYNIHAN. Mr. President, I wish to say——

The PRESIDING OFFICER. If the Senator from New York will suspend, debate is not in order. A motion to table has been made.

The question is on agreeing to the motion.

Mr. MOYNIHAN. Has the motion been made and the vote begun? I only wish to make a statement.

The PRESIDING OFFICER. The Chair states to the Senator from New York that the motion has been made.

Mr. HATFIELD. 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.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from New York.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Florida (Mrs. HAWKINS), the Senator from Maryland (Mr. MATHIAS) and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 49, nays 48, as follows:

[Rollcall Vote No. 121 Leg.]

YEAS—49

Abdnor	Garn	Murkowski
Andrews	Goldwater	Nickles
Armstrong	Gorton	Packwood
Baker	Grassley	Percy
Boschwitz	Hatch	Quayle
Byrd, Harry F., Jr.	Hatfield	Rudman
	Hayakawa	Schmitt
Chafee	Heinz	Simpson
Cochran	Helms	Specter
Cohen	Humphrey	Stafford
D'Amato	Jepsen	Stevens
Danforth	Kassebaum	Symms
Denton	Kasten	Thurmond
Dole	Laxalt	Tower
Domenici	Lugar	Wallop
Durenberger	Mattingly	Warner
East	McClure	

NAYS—48

Baucus	Ford	Mitchell
Bentsen	Glenn	Moynihan
Biden	Hart	Nunn
Boren	Heflin	Pell
Bradley	Hollings	Proxmire
Bumpers	Huddleston	Pryor
Burdick	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Cannon	Johnston	Roth
Chiles	Kennedy	Sarbanes
Cranston	Leahy	Sasser
DeConcini	Levin	Stennis
Dixon	Long	Tsongas
Dodd	Matsunaga	Weicker
Eagleton	Melcher	Williams
Exon	Metzenbaum	Zorinsky

NOT VOTING—3

Hawkins	Mathias	Pressler

So Mr. HATFIELD's motion to lay on the table Mr. MOYNIHAN's amendment (UP No. 112) was agreed to.

Mr. BAKER. Mr. President——

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, is there an order now for the recognition of the Senator from Kansas?

The PRESIDING OFFICER. That is correct.

Mr. BAKER. I ask unanimous consent that I may proceed for 1 minute, Mr. President.

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

Mr. BAKER. Mr. President, before we proceed with the consideration of the amendment to be offered by the Senator from Kansas (Mr. DOLE), could I ask the minority leader if it is possible to obtain a time agreement for the next amendment, and if it is possible to obtain a sequence for amendments later this afternoon?

Let me suggest a possible agenda that my friend might consider.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, I ask that there be order in the Senate.

The PRESIDING OFFICER. Will Senators suspend, please? The Chamber is not in order. The Senate will be in order.

The majority leader.

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

ORDER OF PROCEDURE

Mr. President, may I suggest a possible arrangement of amendments yet to be disposed of and time agreements in respect thereto for the consideration of the minority leader and all Senators?

Mr. President, it is my understanding that the Senator from Kansas (Mr. DOLE) is agreeable to a very short time limitation on the amendment that he will shortly be recognized to call up. I would propose, Mr. President, that we have a time agreement on that amendment of 20 minutes to be equally divided 10 minutes on a side.

I would suggest as well, Mr. President, and I have not yet made the unanimous-consent request, for the consideration of the minority leader the possibility that after the disposition of the Dole amendment, or any motion in respect to the Dole amendment, that we next proceed to the consideration of the so-called pilot bonus amendment, to be offered by the distinguished Senator from South Carolina (Mr. HOLLINGS), and that there might be a time limitation of 30 minutes on that amendment, to be equally divided, under the control of the author of the amendment and the distinguished chairman of the Appropriations Committee.

Following after the disposition of the Hollings amendment or any motion in respect to the Hollings amendment, the Senate would proceed immediately to the consideration of the Tower amendment dealing with the battleship *New Jersey*, and that there be a time limitation of 1 hour equally divided on that amendment.

Following on after the disposition of that amendment, or any motion in respect to that amendment, the Senate would proceed immediately to the consideration of the budget resolution conference report on which there might be a limitation of 2 hours, equally divided.

Mr. President, if we could once again have order in the Senate——

The PRESIDING OFFICER (Mr. SYMMS). The majority leader has the floor. Will Senators please cease conversations in the Chamber?

The majority leader is recognized.

Mr. BAKER. We still do not have order. Will the Chair please obtain order?

The PRESIDING OFFICER. All Senators wishing to converse will please go to the cloakrooms.

The majority leader.

Mr. BAKER. Mr. President, I have inquired on this side of the aisle about the sequence of events and times I have described. The times I want to incorporate are agreeable to Senators on this side of the aisle, I believe. I would ask the distinguished minority leader if he might be in a position to agree to all or any part of the suggestions that I have made at this time, or to make alternative suggestions, if he wishes.

Mr. ROBERT C. BYRD. Mr. President, we have already had enough debate on the subject of the Dole amendment. I suggest that the majority leader propound that request and get it.

Mr. BAKER. Mr. President, I thank the minority leader.

I ask unanimous consent that there be a time limitation of 20 minutes on the Dole amendment to be equally divided under the control of the distinguished Senator from Kansas (Mr. DOLE) and the distinguished minority leader or his designee, on the Dole amendment or any motion in respect to the Dole amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, could I prevail on the distinguished majority leader to repeat his request? There was so much noise. Would he mind repeating it? I beg his pardon.

Mr. BAKER. I thank the minority leader. I join him in expressing distress. There was a fair amount of conversation going on in the Senate.

Let me describe the nature of the request rather than repeat it.

After the Dole amendment I had suggested that we proceed next to military amendments. The first would be a pilot bonus amendment to be offered by the Senator from South Carolina.

Mr. ROBERT C. BYRD. Mr. President, the Senator from South Carolina——

Mr. BAKER. On the Hollings amendment dealing with the pilot bonus, there might be a time limitation agreement, with the time to be equally divided.

Mr. HOLLINGS. Fifteen minutes to a side.

Mr. BAKER. If there is no objection, I put that request, Mr. President.

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

Mr. BAKER. Next, that the Senate proceed to the consideration of the Tower amendment dealing with the battleship *New Jersey* and that on that amendment there be a 1-hour time limitation to be equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, is it not correct that both of these amendments have setoffs in terms of both budget authority and outlays from the bill that is pending?

Mr. BAKER. Let me yield to the Senator from Texas.

Mr. TOWER. If I may respond, those two amendments have identified offsets. Therefore, there will be no budgetary impact, both in terms of budgetary authority and outlays.

Mr. DOMENICI. I thank the Senator.

Mr. BAKER. I thank the Senators.

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

Mr. BAKER. Finally, Mr. President, I ask the indulgence of the minority leader to consider one other request. That is that after we dispose of the Tower amendment that the Senate next proceed to the consideration of the conference report on the budget resolution and that we have a 2-hour time limitation to be equally divided and controlled by the distinguished minority leader and majority leader, or their designees.

Mr. ROBERT C. BYRD. What was the time agreement on the amendment dealing with the battleship *New Jersey*?

Mr. BAKER. One hour.

Mr. ROBERT C. BYRD. Will the majority leader make that 1½ hours?

Mr. BAKER. I change that request, Mr. President, to make it 1½ hours.

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

Mr. ROBERT C. BYRD. On the conference report on the budget resolution, how much did the distinguished majority leader suggest?

Mr. BAKER. Mr. President, I suggested 2 hours to be equally divided.

Mr. HOLLINGS. Mr. President, I ask that a half hour be reserved to be under the control of the Senator from Ohio (Mr. METZENBAUM).

Mr. BAKER. Mr. President, I make that request, that next after the battleship *New Jersey* amendment, the Senate turn to the consideration of the budget resolution conference report and that there be a limitation of 2 hours of debate to be equally divided.

Mr. ROBERT C. BYRD. Reserving the right to object, can Mr. METZENBAUM have control of 30 minutes?

Mr. BAKER. With the understanding that 30 minutes of the time in opposition be allocated to the distinguished Senator from Ohio (Mr. METZENBAUM).

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

Mr. BAKER. Mr. President, I thank the distinguished minority leader and all Senators. I think this means that the Senate can conclude the workload we have prescribed for the remainder of this day at a reasonable hour. I hope at 6:30 or 7 o'clock. The Senate will convene in the morning at 9:30 and almost certainly we will be able to complete the work of the Senate as we have described without too much difficulty.

Mr. TOWER. Will the majority leader yield for a question?

Mr. BAKER. Yes.

Mr. TOWER. There is a third amendment that Defense has an interest in, the binary chemicals. It is my understanding that it would be the intention of the leadership to permit us to proceed with that on tomorrow morning?

Mr. BAKER. It would be my hope that we could sequence that for tomorrow morning.

Mr. TOWER. But our rights are protected and the current sequence of amendments does not prejudice us?

Mr. BAKER. Not in any way.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, the Senator from Illinois, the distinguished chairman of the Foreign Relations Committee, has a request to make with respect to visiting parliamentarians.

Mr. President, I ask unanimous consent that I may now yield to the Senator from Illinois for the purpose of presenting visiting parliamentarians from the State of Israel, and that after the Senator from Illinois concludes his remarks the Senate stand in recess for 1 minute so we may have an opportunity to greet our fellow parliamentarians from that country.

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

VISIT TO THE SENATE BY MEMBERS OF THE ISRAELI KNESSET

Mr. PERCY. Mr. President, I thank the majority leader.

Mr. President, it is with great honor that I introduce guests of the Senate Foreign Relations Committee from the Knesset of Israel, the distinguished chairman of the Foreign Affairs and Armed Services Committee and a distinguished member of that committee. First, Prof. Moshe Ahrens, the chairman of the committee, and his colleague, Danny Rosolio, a distinguished member of the Armed Services and Foreign Affairs Committee.

We welcome you very much indeed to this Chamber and we invite any of our colleagues, on behalf of the subcommittee chairman (Mr. BOSCHWITZ) who is their direct host, to join us for a cup of coffee in room S. 116.

[Applause, Senators rising.]

RECESS FOR 1 MINUTE

There being no objection, the Senate, at 3:50 p.m., recessed for 1 minute; whereupon, it reassembled when called to order by the Presiding Officer (Mr. SYMMS).

SUPPLEMENTAL APPROPRIATION AND RESCISSION ACT, 1981

The Senate continued with consideration of the bill.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. I yield to the Senator from Kentucky.

Mr. FORD. I thank the Senator from Kansas for yielding.

THE COAL CONVERSION PROGRAM

Mr. FORD. Mr. President, there is one particular item in this voluminous piece of legislation which I believe merits special attention lest it be misunderstood. I am referring specifically to the statement on page 181 of the committee's report pertaining to the budget for the Economic Regulatory Administration within the Department of Energy.

The President's budget request for the Economic Regulatory Administration for fiscal year 1982 did not include any funds for the fuels conversion program. In addition, the President proposed to stretch out the period of time for spending moneys appropriated for fiscal year

1981 by proposing that such funds "remain available until expended."

His announced purpose was to terminate the program. It is important to point out that the Appropriations Committee has not gone along with his suggestion. The committee has recommended deferring $16.2 million from the ERA budget to make pay adjustments resulting from impending personnel changes. Included in that amount is $10 million from the fuel conversion program. By way of explanation, the committee states:

The Committee's recommendations in this regard should not be construed to prejudice program levels in future fiscal years.

I emphasize this particular point because of its importance to the fuels conversion program.

The Committee on Energy and Natural Resources, on which I serve, has included instructions in the Department of Energy authorization bill for fiscal year 1982 making clear its intention with respect to this program. The committee makes it clear that it expects the Secretary of Energy to make sufficient funds available to continue the program.

The distinguished chairman of the Energy Regulation Subcommittee of the Committee on Energy and Natural Resources, the Senator from New Hampshire (Mr. HUMPHREY), coauthored the amendment directing that the program be continued. The distinguished chairman of the Energy Committee, the Senator from Idaho (Mr. McCLURE), who also serves as chairman of the Appropriations Subcommittee on Interior and Related Agencies, also concurred that the program needs to be continued until new legislation is adopted. I believe our intent is clear, and I am pleased that the Appropriations Committee has not foreclosed that option. We will certainly be discussing this program again later this year during our consideration of the fiscal year 1982 Department of the Interior and related agencies appropriations bill.

The report of the Committee on Energy and Natural Resources on S. 1021, the authorizations for Department of Energy civilian programs for fiscal year 1982, includes a complete explanation of the problem facing the Congress with respect to this program. I ask unanimous consent that the explanation appear in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. FORD. Mr. President, it comes as no surprise to anyone that I am supporting the continuation of the coal conversion program. We do not need a giant appropriation. In fact, the major objectives of the current program can be met with moneys requested by the President for the Department of Energy for next fiscal year. The program should be able to be completed, and the proper personnel changes can be implemented, with the $10 million which is being deferred for next year.

All of the powerplants that would be converted are owned by utilities wanting to convert the facilities from their present use of oil to coal. Converting them would save nearly 250,000 barrels of oil per day and would utilize between 20 and 25 million tons of coal per year. The program is in the national interest and has widespread support.

I appreciate the attention that my colleagues on the Appropriations Committee have given to this matter, especially the attention given by the Senator from Idaho (Mr. McCLURE), the Senator from Louisiana (Mr. JOHNSTON), who serves as ranking minority member on both the Subcommittee on Energy Regulation and the Subcommittee on Interior and Related Agencies, and finally, my very distinguished colleague from Kentucky (Mr. HUDDLESTON), who also serves on the Interior and Related Agencies Subcommittee.

EXHIBIT 1

[Section-by-Section Analysis]

EXCERPT FROM SENATE REPORT 97-81 ON S. 1021—AUTHORIZATIONS FOR DEPARTMENT OF ENERGY CIVILIAN PROGRAMS

ECONOMIC REGULATORY ADMINISTRATION

"Sec. 101(a)(2)(D):

"The President's budget request for the Economic Regulatory Administration did not include any funds for the Fuels Conversion program. This budget request was predicated on the assumption that changes would be made to the program, either through legislation or through changes in regulation, which would obviate the need for such funds. Under the provisions of the Powerplant and Industrial Fuel Use Act (PIFUA) electric powerplants and major fuel burning installations are subject to the Act's fuel use restrictions unless granted an exemption by the Department of Energy. Under the provisions of the Clean Air Act facilities under Federal conversion orders are not subject to the Act's new source performance standards. Thus under existing law, unless funding is provided for the PIFUA conversion program and the exemption process, those facilities wishing to convert to coal may not be able to do so without significant additional expenditures, and those seeking exemptions from the Act's prohibitions would be unable to have their exemption petition processed.

"Until new legislation is enacted, the Committee expects the Secretary of Energy to allocate such funds as may be necessary to the Office of Fuels Conversion to operate the conversion program and the exemption process. The Committee expects sufficient funding to continue until such time as Congress amends the law, or other changes occur which obviate the need for part or all of such expenditures. The Committee has received informal assurances from the Office of Management and Budget that they will make people and funds available as necessary to continue the necessary functions in the event that new legislation is not enacted or other changes do not occur.

"In the absence of new legislation, the Administration estimates that $450,000 will be necessary in Fiscal Year 1982 for the processing of petitions for exemptions. The Committee estimates that $2.5 million would be sufficient in Fiscal Year 1982 for the coal conversion program. The latter funds would be used to facilitate conversions by cooperative utilities requiring conversion orders in order to gain access to preferential Clean Air Act treatment and for those conversions which have state permitting actions contingent upon Department of Energy environmental analysis. Varying degrees of delay would otherwise occur in the conversion of these facilities as a consequence of the termination of the environmental work."

UP AMENDMENT NO. 113

Mr. DOLE. Mr. President, we have 10 minutes of debate on each side. I think this issue has been fairly well aired during the course of the day. I do not know of anyone who is more concerned about the solvency and the integrity of the social security system than is the chairman of the Committee on Finance, and it is not because of my responsibility as chairman to the Members on both sides of the aisle.

Mr. MOYNIHAN. Mr. President, I hestitate to interrupt, but we must have order. We are hearing the amendment of the chairman of the Finance Committee. This is his amendment.

The PRESIDING OFFICER. The point of the Senator from New York is well taken.

Will the Senator send his amendment to the desk?

Mr. DOLE. I shall do that in a minute, Mr. President.

Mr. President, I am offering an amendment on behalf of myself and Senators COHEN, ARMSTRONG, ROTH, HEINZ, WARNER, CHAFEE, ABDNOR, MATTINGLY, RUDMAN, PERCY, SPECTER, THURMOND, GORTON, COCHRAN, CHILES, HAWKINS, DURENBERGER, DANFORTH, DOMENICI, BOSCHWITZ, HUMPHREY, MOYNIHAN, the Presiding Officer (Mr. SYMMS), and Senator EAGLETON.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) for himself and Mr. COHEN, Mr. ARMSTRONG, Mr. ROTH, Mr. HEINZ, Mr. WARNER, Mr. CHAFEE, Mr. ABDNOR, Mr. MATTINGLY, Mr. RUDMAN, Mr. PERCY, Mr. SPECTER, Mr. THURMOND, Mr. GORTON, Mr. COCHRAN, Mr. CHILES, Mrs. HAWKINS, Mr. DURENBERGER, Mr. DANFORTH, Mr. DOMENICI, Mr. BOSCHWITZ, Mr. HUMPHREY, Mr. MOYNIHAN, Mr. SYMMS, Mr. EAGLETON, Mr. BENTSEN, Mr. SASSER, Mr. BIDEN, Mr. DECONCINI, and Mr. MITCHELL proposes an unprinted amendment numbered 113.

Mr. RANDOLPH. Mr. President, will the Senator permit me to be a cosponor?

Mr. DOLE. I am happy to have the distinguished senior Senator from West Virginia (Mr. RANDOLPH) as a cosponsor. I ask unanimous consent that he be added.

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

Mr. DOLE. Mr. President, it is fair to say that the status of the social security system, according to a——

Mr. EXON. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. EXON. Has the amendment been offered and read? Has it been offered to the desk and read?

The PRESIDING OFFICER. The amendment is at the desk. It has not been stated.

Mr. EXON. I was unable to hear. If everybody wants to be a cosponsor, it must be a very good amendment. I do not know what it is. I should like to have a reading of the amendment, if I may.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill add the following insert:

The Social Security system is vital to the well-being of the Nation's elderly and disabled citizens and currently provides benefits to about 35 million Americans; and

The Social Security system faces serious short-term and long-term financing problems that jeopardize the payment of benefits; and

It is essential that Congerss act forthrightly to address the Social Security financing problem and to restore the American people's confidence in the system; and

Any resolution to this problem will have come as a result of a bipartisan effort; and

It is the sense of the Congress that Congress should carefully study all options in order to find the most equitable solution to insuring the fiscal integrity of the system; and

That Congress shall not precipitously and unfairly reduce early retirees' benefits; and

That Congress will enact reforms necessary to ensure the short-term and long-term solvency of the Social Security system but will not support reductions in benefits which exceed those necessary to achieve a financially sound system and the well being of all retired Americans.

Mr. EXON. Mr. President, may the Senator from Nebraska be added as a cosponsor?

Mr. DOLE. I thank the distinguished Senator from Nebraska.

I ask unanimous consent that he be added, Mr. President.

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

SOCIAL SECURITY FINANCING

Mr. DOLE. Mr. President, What is the status of the social security trust funds? According to a rather sophisticated study recently completed by the Congressional Research Service of the Library of Congress in conjunction with the Office of the Actuary and the Office of Research and Statistics of the Social Security Administration, the combined old age and survivors insurance and disability insurance trust funds will not have sufficient reserves to pay a full month's benefits by the middle of 1982 and reserves could run out completely in 1983. The combined OASI, DI, and hospital insurance trust funds will just barely have sufficient reserves to pay benefits and only if no unexpected economic problems arise. The magnitude of the problem is very great, but not insurmountable, if we act expeditiously and wisely.

What caused the financial problems of the social security system? A combination of factors. Unanticipated demographic changes, such as the drop in the birth rate and the improvement in the mortality rate, created a dramatic change in the ratio of workers to beneficiaries. Prosperity in the fifties and sixties led to large surpluses in the trust funds which in turn led the Congress to pass major benefit increases. An error in the automatic indexing provision in 1972 resulted in double indexing of benefits for several years. Taxes were not increased to keep up with benefits. Unemployment and inflation ate into the reserves.

Is the problem severe enough to warrant immediate action? Yes, the 97th Congress must act during its first session to deal with the short-term financing problem since benefit payments cannot otherwise be met. But, in addition to the short-term problem, there is a major long-term financing deficiency in the program. We need to deal with this long-term financing problem at the same time.

Due to the increases in social security taxes scheduled over the next several years, once we take care of the immediate shortfall in the social security trust funds we should be solvent through the year 2010. At that point, when the baby boom generation begins to retire, we face a very severe financing problem. That problem can be solved by gradual slowing of the rate of growth of the social security program. But this kind of solution is possible only if we act now. If we wait until after the turn of the century, the only solutions will be drastic benefit cuts or huge tax increases. I do not think anyone wants to rely on tax increases to save the program. Nor do I think anyone wants to see drastic cuts.

What are the alternatives for solving the financing problems? There are three alternatives. One is to raise taxes, but I do not believe that is an option at this time. I am not even sure we can count on the increases already scheduled under current law.

A second alternative is to provide another source of revenue, such as general fund financing, a value added tax, a special tax on certain products such as tobacco or alcohol. Support for most of these methods has proven very unpopular, even disastrous for some Members of Congress. There is also a particular danger in the general revenue financing approach: It removes social security benefits from the status of an "earned right" subject only to the eligibility condition that an individual worked in covered employment for a sufficient period of time; therefore, social security benefits, whether it be medicare only, or disability, or all benefits, may become means tested—that is, eligibility will be based on need rather than contribution—and those who have paid in for years may not be eligible for benefits. In particular with general fund financing, any discipline for containing program growth will be lost.

The third alternative, which I support, is to make changes in the program which will contain the rate of growth of program costs. This can be done in concert with incentives to encourage people to work longer whenever possible.

The final alternative obviously cannot be used to solve the short-term financing problem since it will require time to accomplish real savings. At the same time, I do not believe the Congress will want to make drastic cuts in benefits of individuals currently on the rolls or increase taxes any further. Therefore, we may have to consider some infusion of general funds. That is all the more reason for dealing with the long-term problem at the same time. That way, Congress can get credit for preserving the integrity of the system and insuring solvency of the trust funds in exchange for some less pleasant or desirable short-term solution.

What are my recommendations for curtailing costs? I do not have a specific proposal at this time. However, I do believe there are several broad areas where improvements are possible and which I believe the American people will support.

First, I believe the formula for determining benefits and the average earnings on which benefits are based can be restructured in such a way that benefits can continue to grow but not as fast as they have been growing. Second, I believe we need to identify areas where other Government programs have been instituted to provide benefits for similar purposes, such as disability, education, basic income maintenance, or retirement, and determine how to provide a better blend of such programs to ease the burden on social security wherever possible. Third, we should find ways to make work more attractive than retirement. Fourth, we should improve the administration of the programs, which we have allowed to deteriorate over the last few years because of the ever-increasing demands on the Social Security Administration to handle other programs, in order to eliminate fraud, abuse and waste wherever it occurs.

A combination of improvements along these lines will provide extensive savings and should allow us to make the program solvent without having to do things like raise the retirement age to 68 or merge the civil service retirement program into social security.

Can the private sector do a better job? The most important thing to remember about the social security program is that it is a social insurance system. Therefore it carries with it certain social costs. The program has always been designed to balance "social adequacy" against "individual equity." Most often, when people talk about turning the program over to the private sector or eliminating the so-called "welfare aspects" of the program, I think they ignore the social function of the program. I believe we should attempt the improvements outlined before we consider a complete dismantling of the system. I think those improvements will work and I believe we have the support of the American people to enact the necessary reforms.

We have a very serious problem, Mr. President. The Senator from Kansas, as I have indicated earlier, does not take exception to the efforts of the Senator from New York. I understand that he wants to call attention to and focus on this very important problem. It is a bipartisan problem. Better yet, it is a nonpartisan problem. It affects those who are retired and those who will retire in the future in all of our States—Democrats, Republicans, Independents, whatever.

Mr. President, I just do not believe that we can postpone a solution to the problem another year. It is up to this Congress. We can do certain short-term things, maybe borrow from different funds to get through the short term. But in the long term, we must address the problem. I hope that we shall have the necessary support—I believe we will have broad bipartisan support. We will have the support of the President.

He has made some suggestions. Other suggestions have been made by Members of this body, Members of the other

body; the Social Security Advisory Council has made suggestions. There are a lot of suggestions, a lot of options. Sooner or later, we are going to have to face up to this very difficult problem.

I yield to the Senator from Missouri.

Mr. DANFORTH. Mr. President, President Reagan has proposed important changes in the social security program. These proposals, and recent action in the Congress, have generated both questions and confusion on the part of many people.

It is important to understand what is happening, and why. First and foremost, the system is in trouble. More money is paid out in benefits than is received in social security taxes. If current trends continue, the social security trust fund which pays pension benefits will be empty by the fall of 1982. Over the long run, the system also faces serious problems because the number of retirees is rising and the number of workers is falling. In 1950, there were 15 workers for every retiree; today, there are 3 workers for every retiree; and in 50 years, there will be only 2 workers for every retiree. In social security planning, it is necessary to guess at what will happen in the next few years and as far as 50 or more years into the future. As conditions change, and our assumption about the future change, we have to modify social security policy.

It is becoming increasingly clear that new changes are necessary to deal with both the short- and long-run problems of social security, and I applaud the President for proposing change at this time. However, I do not agree with some of the specific changes the administration would make. In particular, I do not believe in reducing benefits for early retirement as dramatically or as quickly as the administration proposes.

Under the proposed plan, persons retiring at age 62 would have their benefits reduced from 80 percent—as under current law—to 55 percent of what they would receive if they delayed retirement to age 65. This change would go into effect next January. That is too much, too soon.

It may make sense to discourage early retirement, but any such change ought to be phased in gradually to minimize disruption in the plans of those now close to retirement. I do believe it makes sense to encourage work beyond age 65, and I commend the President's recommendation to remove the earnings limitation which penalizes people who work past retirement.

Before social security's problems are solved, many ideas will have to be considered. That will be the job of the Senate Finance Committee and the House Ways and Means Committee.

I serve on the Senate Finance Committee and will be quite active in the social security debate. My goal will be to fashion changes in the system which protect current retirees, and guarantee to current workers that their benefits will be available to them when they retire. I reject higher taxes as a solution. The challenge is to make changes that will bring the system into short- and long-term balance, while preserving the basic goals of the program. We must separate myth from fact and political oratory from economic reality. Working together, we can fashion a solution to which most Americans would subscribe, and breathe freer knowing that the threats to social security have been eliminated.

Mr. President, I support the amendment offered by the Senator from Kansas, the chairman of the Finance Committee.

While the President's proposals have been very controversial—and I certainly cannot support his suggestions with respect to people who are facing early retirement—it is clear that he has at least brought to a head a major problem that faces this country. The social security system right now cannot be sustained unless action is taken by Congress.

When my constituents ask me about the future of the social security system, their most typical question is, "Will it be there in a few years?" The answer to that question, under present law, is, "No." That is to say, the payout is exceeding the revenue, and there is no way that can be sustained over a long period of time.

What is more, the number of people who are retired as a proportion of those on the work force is continuing to increase and will continue to increase in the years ahead. Therefore, the time has come not just for a quick fix, a temporary, short-term answer to the problems of the social security system. The time has come to address the long-term financing problems with social security. The sooner we do that, the more responsible we will be.

Therefore, I cannot agree more with the approach taken by the chairman of the Finance Committee. I am very encouraged by what I consider the statesmanlike statement by the chairman of the Ways and Means Committee, Representative ROSTENKOWSKI, who said that a bipartisan approach is needed to solve the problems of soical security. Nothing could be more true.

Mr. President, I think the Senator from Maine is seeking recognition, and I yield to him.

Mr. ROBERT C. BYRD. Mr. President, I have no objection to the Senator from Maine receiving recognition and being recognized, but we have to understand that the powers of recognition reside in the Chair, and it is not for any Member of the Senate, myself included, to state to the Chair who shall be recognized next.

The PRESIDING OFFICER (Mr. HAYAKAWA). Who yields time?

Mr. DOLE. Mr. President, how much time remains on this side?

The PRESIDING OFFICER. The Senator from Kansas has 3 minutes remaining.

Mr. DOLE. I yield 1 minute to the Senator from Maine.

Mr. COHEN. I thank the Senator for yielding.

Mr. President, I believe the Senator from Kansas has really struck the soundest note in the whole debate that has taken place today, and that is the question of bipartisanship.

I suggested earlier today that it would have been a breach of faith to politicize the social security trust fund. I suppose it could have been open to the Senator from Kansas or the Senator from Maine to have suggested a resolution condemning the past Congresses which have been controlled by the Democratic Party for acting in an unfair and irresponsible manner so as to place the trust fund in jeopardy, so that those retirees who have planned on benefits will not now receive them, based on that past irresponsibility.

That, in my judgment, would not have been fair or responsible. It would have been negative and destructive and certainly would not have contributed to the resolution we need to engage in in order to resolve the trust fund's difficulties.

I join my colleague from Kansas in sponsoring this resolution, which I believe is constructive and bipartisan and is vitally necessary.

Mr. ROBERT C. BYRD. Mr. President, I am delighted to hear all this talk about bipartisanship. Here is a demonstration of it.

On the last amendment, which was termed by one of my friends on the other side a "two-bit amendment" and an exercise in demagoguery, I note that there were two Republican Senators who voted for the amendment—Mr. WEICKER and Mr. ROTH. I would not assume that they would have voted for the amendment had they thought it only a two-bit amendment.

Of course, every Senator engages in a little demagoguery once in a while, myself included—and perhaps the foremost of all, for that matter. So I would not want to denigrate an amendment that has been called up by any Senator as a "two-bit amendment" or as an exercise in "demagoguery."

However, aside from that, I congratulate the distinguished Senator from Kansas on the amendment he has just offered. I believe it recognizes that the proposals that have been submitted by the President with respect to the social security system are precipitous and unfair. I would say it is a reflection of the administration's proposals, tacitly and inferentially because it says this:

> That Congress shall not precipitiously and unfairly penalize early retirees.

That is clearly a repudiation of the administration's proposal, and it strikes the same theme that is included in the Moynihan-Byrd amendment that was voted down by a very close margin just a moment ago, 49 to 48, with only two Republicans joining in support of that "bipartisan" effort.

The amendment that has been offered by Mr. DOLE also says this:

> That Congress will enact reforms necessary to ensure the short-term and long-term solvency of the Social Security System but will not support reductions in benefits which exceed those necessary to achieve a financially sound system and the well-being of all retired Americans.

I congratulate the Senator from Kansas. That is another of the dangers that those of us saw on this side who offered that so-called "two-bit" amendment—which was joined in by our two Repub-

lican friends in the "bipartisan" effort—that is one of the dangers we foresaw as we prepared the resolution. So I congratulate the distinguished Senator from Kansas.

I believe that this amendment by Mr. DOLE is an equally responsible and reasonable approach to that taken by Mr. MOYNIHAN and me and other Senators on this side of the aisle a little earlier. Not only is it a rejection of the administration's proposal, but also, it is recognition indeed that Congress must join in a bipartisan way and work together to solve the problems that confront the social security system.

So, Mr. President, I hope that the distinguished Senator will include my name as a cosponsor; and I suggest to my colleagues on this side of the aisle that we display a truly bipartisan approach and a bipartisan spirit as we join together—join together—in supporting the resolution that has been offered by Mr. DOLE, because we take no necessary pride of authorship on this side of the aisle. We Democrats simply want to see the sense of the Senate expressed so that the millions of persons out there in the elderly community will get the right signal; and that signal is that the two parties in the Senate are joining together to say to the old folks that the proposals of the administration to reduce social security benefits are going to be rejected; that they can go ahead and make their plans for retirement; and that Congress will never precipitously and unfairly penalize those elderly retirees.

We join the distinguished Senator. I ask unanimous consent that my name be added as a cosponsor, and I urge my colleagues on this side of the aisle to join in a truly bipartisan spirit and vote for the amendment to reject the administration's proposals to cut social security, an amendment which, in essence—and almost in every word—captures the same spirit and the same verbiage that was in the Moynihan-Byrd amendment that just a moment ago was voted down by the narrow vote of 49 to 48, with only two Republicans joining in voting for that amendment.

Let us show the country that bipartisanship that this party believes in when it comes to protecting the elderly community of this country.

Mr. MOYNIHAN. Mr. President, I join my leader in that regard, and I make a simple observation: The time has come to declare victory in this debate. But before we do declare victory and adopt precisely the same language we have been debating for 6 hours, I say to my friend—and he knows the regard in which I have held him—it was not a welcomed thing to have our proposal called demagoguery an hour ago.

The Senator from Kansas did not do it, and I will not accuse him of plagiarism.

Mr. DOLE. That is right.

Mr. MOYNIHAN. I make no such charge.

I observe as a some-time teacher that one learns that he picks up these things "precipitously and unfairly" here on line 15 of their line and "precipitiously and unfairly" that there are resonances, one might say.

We have won the point. The Senator from Kansas has graciously made it. I am happy to cosponsor it.

My distinguished friend and chairman of the subcommittee of which I am a ranking minority member has already talked about the effort. But we have repudiated Mr. SCHWEIKER's proposal to break faith with the persons who have been planning to retire early in this administration. That is another place. It has nothing to do with this other side of the aisle but this amendment we are about to adopt was the one we proposed at 10 a.m. this morning.

We are happy to join the Senator in it but much more importantly we will be joining him in the efforts to make this system work and not to get money out of it by raiding the social security trust fund.

Mr. LONG. Mr. President, will the Senator yield me 1 minute?

Mr. DOLE. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Kansas has 1 minute remaining and the Senator from West Virginia has 3 minutes.

Mr. DOLE. Mr. President, I ask unanimous consent that we each may have an additional 5 minutes.

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

Mr. DOLE. Mr. President, I yield.

Mr. LONG. Mr. President, I wish to say that this debate here demonstrates my argument that the Senate should not be on television because if this debate had been on television there might have been 2 million people or maybe 1 million people looking at this thing around the country over educational TV at this hour of the day, and everyone would say, "I do not know what it is about but it has something to do with cutting our social security checks," and the call would have been going around to "Tune in and see what they said about it."

So everyone would want to know why my Senator did not say something, why did he just sit there? Where was he when this matter came up of talking about cutting off social security checks and cutting off early retirement?

Without doubt 100 Senators out of 100 would have to make a speech and explain their views on this matter even though the amendment would not have the effect of law. It is not relevant to the bill to which it is offered. In fact, all it does is it just expresses a hope that no one who does not think he should be cut is going to get cut, which no one can depend on anyway.

But this would have taken probably 2 days for 100 Senators to all explain what their views on this particular matter are, which proves my point that unless we want the Senate to stay in session 500 days a year we better not put the Senate on television.

Mr. MOYNIHAN. Mr. President, if I may make one observation, I observe that if this debate had been on television it would not have been necessary to have two votes in order for our amendment to be adopted. It would have been unanimously adopted the first time. But that is only a detail.

Mr. DOLE. Mr. President, I wish to express my thanks to the Members of the other side of the aisle for recognizing the superior product, and I extend my thanks to the distinguished minority leader.

This is in no way to be construed as a repudiation of our former colleague, Secretary Schweiker. I think he has put forth his ideas, and we have expressed our ideas. This Senator found a different view with the administration on this issue without passing any amendment. I had an opportunity earlier last week to comment on some of these points here.

But I just suggest, considering this unanimity on my amendment, if we can have the same spirit of cooperation with reference to tax legislation I will be very happy to offer an amendment following this amendment that might take care of the tax differences.

Mr. MOYNIHAN. Will the distinguished Senator allow us to make a first draft and then he will just sort of take it and we would lose 48 to 49?

Mr. DOLE. We will do it any way when we finally succeed, and I just suggest that not having been in the majority before. I am now the chairman of the Budget Subcommittee on Finance, and the only other time I had been a chairman was as the Republican National Committee chairman during Watergate, if that tells anything. But just to indicate our willingness to cooperate and go on with the business and start looking at social security to preserve the integrity of the system, that is what this resolution is all about.

I think Senators will find on our committee, as the Senator from New York knows, we are very independent and we have thoughts on a lot of issues regardless of which administration might be around.

So I am prepared to yield back my time and I thank my colleagues.

I believe the Senator from Oregon wishes to table the amendment.

Mr. MOYNIHAN. Mr. President, the Senator from Nebraska wishes to have 2 minutes yielded to him.

Mr. ROBERT C. BYRD. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from West Virginia has 6 minutes remaining.

Mr. ROBERT C. BYRD. Mr. President, I yield 3 minutes to the Senator from Nebraska.

Mr. EXON. I thank the Senator.

Mr. President, I am abount to pose a question to the distinguished chairman of the Appropriations Committee if he is still in the Chamber.

I heard the Senator from Kansas say that the amendment before us is a superior product. I do not necessarily agree with that. I thought that the previous amendment that was defeated by one vote was much superior, but since we could not have that, I am a cosponsor of this amendment being proposed by Senator DOLE which essentially is a copy of the previous amendment that was voted down by one vote.

My question is to the distinguished chairman of the Appropriations Commitee, but before I pose the question I

wish to appeal to him in a matter of fairness and honesty and nonpartisanship not to do what he did on the last amendment.

I heard the very eloquent speech by the chairman of the Appropriations Committee wherein he said that he was fighting and he would continue to fight amendments like this from being on this particular bill, and I am sure since he is a model of consistency he undoubtedly will move to table this amendment also.

Mr. HATFIELD. I will.

Mr. EXON. But I appeal to the Senator from Oregon, my good friend, not to table this particular amendment, although in so not doing he might be a little bit inconsistent, after the great speech that he made on the previous amendment.

Is he intending to move to table this amendment?

Mr. HATFIELD. Mr. President, I am very happy to respond to the Senator from Nebraska. Indeed I do plan to make a motion to table this amendment on the same principle and on the same basis, regardless of sponsorship, as I expressed this view before, on the basis of that same view, but I will wait until others have had their full say so that I will not cut off any debate.

Mr. EXON. One additional question: Are the votes lined up this time so that we will table it or not? Or does the distinguished chairman know about that?

Mr. HATFIELD. I have not made a head count, I say to the Senator from Nebraska, but if the motion to table fails I shall urge a quick disposition of this in the conference.

Mr. EXON. I thank my friend from Oregon.

Mr. MOYNIHAN. Mr. President, may I conclude with just an expression of appreciation for the Senator from Kansas, for his generous remarks and his statements of bipartisan enterprises to come.

But may I also say to the gentlemen and ladies opposite and say to my own friends here that we are not just encountering something that has come suddenly upon us.

There developed in recent years on that side of the aisle a continued effort to cut out entitlements in the social security system for welfare mothers and persons like that, and on January 30, a year ago, I stood on this floor and said, as I had done 4 months earlier, if we can take away from women and children that which is their entitlements under AFDC, the day will not be far off when we can take away entitlements from the retired, the sick, and disabled.

We got into a bad practice, and let us see if we cannot use this occasion of unity to stop such practices.

When the American Government makes a promise, it keeps it, and that is what our work is going to be in the coming summer in the Senator's subcommittee.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. HATFIELD. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from Kansas has 4 minutes remaining.

Mr. HATFIELD. I wonder if I could have the time and then yield back the time which I have remaining?

Mr. DOLE. Yes. I yield all my time to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I look at the clock and I realize that this is an important issue, but we have spent a good part of 5 hours on this issue today, which has solved or resolved no question on social security.

It has merely brought the Senate, I think, to a position of consensus which is of value and, therefore, I feel that it has not been wasted time, but it certainly has not furthered the issue or the cause which brings us to this session today, and that is to dispose of an appropriations measure.

I suppose we are going to hear, I am going to have to respond from time to time, and people are going to get very weary of my making this statement, but let me remind the Senate that the Senate has some marvelous traditions but, on the other hand, the Senate has fallen into some bad practices.

One of the most evil practices of all that has created one of the greatest problems for the whole appropriations process is that we have committed ourselves, acting in total undisciplined manner, to piggyback every idea that comes to our minds that we feel like it would be more expeditiously brought into focus on the appropriations process.

We have 13 subcommittees, and they have really worked diligently to bring us to this point where we can resolve the rescission supplemental package, and we brought a clean bill to the floor for the first time in my life on the committee and, therefore, I am hopeful, Mr. President, that we can begin a new era of appropriations process where we can have responsible action without having to bear the burden of abortion and school prayer and OSHA and busing and all these other things that have encumbered the whole appropriations process.

Mr. MOYNIHAN. Mr. President, will the distinguished chairman allow me to state what he knows to be my views? I fully agree with him, and it would have been the judgment on this side that had it been possible to keep the committee's clean bill on your side we would not have raised anything. You are right, in our judgment, or at least in the judgment of this Senator.

Mr. BENTSEN. Mr. President, will the Senator yield for a question? I heard the distinguished chairman of the Appropriations Committee say that he thought we had arrived at a consensus and that we were again there. I was wondering if we could dispense with a motion to table and with a rollcall, have a voice vote, and then we could get on with our business on the rollcall on the amendment?

Mr. EXON. Mr. President, I will object to not having a rollcall vote on the motion, when the motion to table is made.

Mr. HATFIELD. I have not asked for a rollcall as yet, but let me just conclude my comments.

Do I understand the Senator from Nebraska would want a rollcall?

Mr. EXON. The Senator is correct.

Mr. HATFIELD. Mr. President, whatever time I have left I yield back.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. HATFIELD. I make a motion to table the amendment offered by the distinguished Senator from Kansas (Mr. DOLE) with many cosponsors, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon to lay on the table the amendment of the Senator from Kansas. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. STEVENS. I announce that 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 Connecticut (Mr. DODD) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The result was announced—yeas 4, nays 93, as follows:

[Rollcall Vote No. 122 Leg.]

YEAS—4

Baker	Hayakawa	McClure
Hatfield		

NAYS—93

Abdnor	Garn	Murkowski
Andrews	Glenn	Nickles
Armstrong	Goldwater	Nunn
Baucus	Gorton	Packwood
Bentsen	Grassley	Pell
Biden	Hart	Percy
Boren	Hatch	Proxmire
Boschwitz	Hawkins	Pryor
Bradley	Heflin	Quayle
Bumpers	Heinz	Randolph
Burdick	Helms	Riegle
Byrd,	Hollings	Roth
Harry F., Jr.	Huddleston	Rudman
Byrd, Robert C.	Humphrey	Sarbanes
Cannon	Inouye	Sasser
Chafee	Jackson	Schmitt
Chiles	Jepsen	Simpson
Cochran	Johnston	Specter
Cohen	Kassebaum	Stafford
Cranston	Kasten	Stennis
D'Amato	Kennedy	Stevens
Danforth	Laxalt	Symms
DeConcini	Leahy	Thurmond
Denton	Levin	Tower
Dixon	Long	Tsongas
Dole	Lugar	Wallop
Domenici	Matsunaga	Warner
Durenberger	Mattingly	Weicker
Eagleton	Melcher	Williams
East	Metzenbaum	Zorinsky
Exon	Mitchell	
Ford	Moynihan	

NOT VOTING—3

Dodd	Mathias	Pressler

So the motion to lay on the table UP amendment No. 113 was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

Mr. ROBERT C. BYRD. 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.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas. 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 Maryland (Mr. MATHIAS) and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Connecticut (Mr. DODD) are necessarily absent.

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

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 123 Leg.]

YEAS—96

Abdnor	Glenn	Moynihan
Andrews	Goldwater	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Biden	Hatch	Pell
Boren	Hatfield	Percy
Boschwitz	Hawkins	Proxmire
Bradley	Hayakawa	Pryor
Bumpers	Heflin	Quayle
Burdick	Heinz	Randolph
Byrd, Harry F., Jr.	Helms	Riegle
	Hollings	Roth
Byrd, Robert C.	Huddleston	Rudman
Cannon	Humphrey	Sarbanes
Chafee	Inouye	Sasser
Chiles	Jackson	Schmitt
Cochran	Jepsen	Simpson
Cohen	Johnston	Specter
Cranston	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Kennedy	Stevens
DeConcini	Laxalt	Symms
Denton	Leahy	Thurmond
Dixon	Levin	Tower
Dole	Long	Tsongas
Domenici	Lugar	Wallop
Durenberger	Matsunaga	Warner
Eagleton	Mattingly	Weicker
East	McClure	Williams
Exon	Melcher	Zorinsky
Ford	Metzenbaum	
Garn	Mitchell	

NOT VOTING—4

Bentsen	Mathias	Pressler
Dodd		

So Mr. DOLE's amendment (UP No. 113) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. 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, the Senator from South Carolina is recognized.

UP AMENDMENT NO. 114

(Purpose: To provide funds for the payment of pilot continuation bonuses and to provide a corresponding reduction in appropriations for operation and maintenance)

Mr. HOLLINGS. Mr. President, I send to the desk an amendment on behalf of myself and Senators BIDEN, TOWER, RANDOLPH, ARMSTRONG, and THURMOND.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS), for himself and others, proposes an unprinted amendment numbered 114.

Mr. HOLLINGS. 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 23, between lines 5 and 6, insert the following:

MILITARY PERSONNEL; SPECIAL PAY FOR AVIATION CAREER OFFICERS EXTENDING PERIOD OF ACTIVE DUTY

For the payment of special pay under section 301b of title 37, United States Code, $55,500,000.

On page 24, line 5, strike out "$606,555,000" and insert in lieu thereof "$575,555,000".

On page 24, line 16, strike out "$56,906,000" and insert in lieu thereof "$46,906,000".

On page 24, line 22, strike out "$959,880,000" and insert in lieu thereof "$923,880,000".

Mr. HOLLINGS. Mr. President, I ask unanimous consent that I may yield to the distinguished majority leader, who wishes to arrange for some scheduling, and for the recognition of other Senators for their statements, without this time counting against my 15-minute allotment.

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

The Senator from Tennessee.

INVENTORY OF AMENDMENTS

Mr. BAKER. Mr. President, I should like to make a brief inquiry of Senators in the Chamber now and ask whether the minority leader might be inclined to do the same.

I should like to get some sort of inventory of the number of amendments to be disposed of. We have this amendment, which has been sequenced; we have the *New Jersey* amendment, which has been sequenced; we have the conference report on the budget resolution and a time certain to vote on two amendments for tomorrow, and third reading and final passage tomorrow at 5 o'clock.

Also, at 1 o'clock, no further floor amendments would be in order, although amendments to committee amendments that are eligible otherwise would be available for action by the Senate.

Against that background, Mr. President, I ask Senators who are on the floor at this time to indicate what amendments they have, and then I ask those who may hear me, who are not in the Chamber, to let our cloakroom know as soon as possible what amendments they have and how much time might be required to deal with them, tonight or tomorrow.

The reason for the inquiry is that I believe it is incumbent on the joint leadership to find out what we have to deal with, so that we can determine what time we will go out tonight and what time we will come in tomorrow, so that no Senator will be unduly pressed for time.

Mr. ROBERT C. BYRD, Mr. President, I am concerned that unless Senators offer their amendments today and agree to a short time limit thereon—with the exception of those amendments which have already been agreed to as to a time limit—they may find themselves shut out with respect to time.

As the majority leader has indicated, after 1 p.m. tomorrow, no amendments will be in order from the floor. I suggest that we try, through our respective cloakrooms, to see if we can get an agreement that there be a time limitation of not to exceed 30 minutes on any amendment after the amendments which have been locked in have been disposed of.

Mr. BAKER. Mr. President, I believe that is a good suggestion. I will request that the Republican cloakroom ask all Senators on this side to let us know by 5:30 of any amendments they have and to express willingness or unwillingness to agree to a 30-minute time limit, or less.

Mr. TOWER. I can agree to a 30-minute time limitation on the binary amendment.

Mr. STEVENS. I object.

Mr. BAKER. I believe there will be an objection to that, and I will renew that request tomorrow.

I appreciate the suggestion of the Senator from Texas. I am aware of his intention to offer a binary chemicals amendment, and I will continue to work with both the distinguished minority leader and the Senator from Texas to see if we can work out something.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. BAKER. I yield.

Mr. TOWER. If an amendment is at the desk by 1 p.m. tomorrow, it would still be eligible to be called up, would it not?

Mr. BAKER. This is an amendment to a floor amendment or an amendment to a committee amendment?

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. The fact that an amendment would be at the desk would have no bearing whatsoever on the matter.

Mr. BAKER. Mr. President, the order entered yesterday provides that no amendments would be in order other than committee amendments, without affecting the standing of the Hyde-Helms amendment, after 1 p.m. on Thursday. That means that any amendment not disposed of by 1 o'clock would have to be dealt with but that floor amendments would not be eligible after that hour.

Mr. TOWER. Even though they were pending at the desk?

Mr. BAKER. Even though they were pending at the desk.

Mr. TOWER. I suggest to the majority leader that we will have to stay in all night, because there are those who want to prevent certain amendments from coming up. I am perfectly willing to agree to a controlled time and to dispose of the matter in a short period of time.

I believe it is pretty obvious to the majority leader that he is not going to get time agreements on some amendments if Senators, by disagreeing to time agreements, can prevent them from being brought up.

Mr. BAKER. Mr. President, we have only 5 minutes, and I suggest that there is a way out of this without staying all night. I do not believe we should use the 5 minutes to try to identify that.

I assure the Senator from Texas that it is my full intention to see that he is

not shut out. But before we get to that, we have to decide on what basis we can do equity and fairness to Senators on both sides. It is clear that we cannot get a time agreement on that amendment at this moment, but I have other ideas I should like to pursue more privately.

Mr. STEVENS. Mr. President, I would be happy to discuss with the Senator from Texas a time agreement on amendments that would not be in conference.

I hope the Senate realizes that we are taking the time of the Senate today and tomorrow on items that will be in conference, and other Senators who want to raise issues that will not be in conference will be foreclosed by what the Senator from Texas is suggesting.

Mr. BAKER. Mr. President, the Senator from Alaska is an integral and important part of the leadership function, and one of the leadership functions is to try to arrange the sequence of events; and I will enlist his aid in trying to work out this matter. I urge that we not use the time of the Senate on the floor at this time to do that.

I request that our cloak room ask Senators to let us know of any amendments they have to offer and to do so before 5:30, and to express their willingness to accept very short time limitations.

I yield to the minority leader.

Mr. ROBERT C. BYRD. Mr. President, I want to be sure that the distinguished Senator from Texas does not misunderstand what has been said with respect to pending amendments at 1 p.m. I understood him to use the phrase pending amendments at the desk.

If an amendment is pending which has been called up to an amendment—I think that is what he has in mind. As to that type of amendment—using the word pending in that sense—there would be a vote on that amendment. But an amendment that is simply at the desk and has not been called up could not then be called up.

Mr. BAKER. I point out that it is my belief and it is my intention to see that the Senator from Texas, to the extent he can do it, will be recognized for the purpose of calling up an amendment.

Mr. TOWER. If the Senator will yield, I am actually trying to protect the Senator from Virginia (Mr. WARNER). It is his amendment.

Mr. BAKER. Mr. President, it is clear that we will be in for a while tonight. I had hoped that we would be out by 6:30 or 7, and then I thought by 8, but I have abandoned even that hope. We will stay as long as we need to stay in order to discharge the sequence of events we already have put in shape: that is, the *New Jersey* amendment, the pilots' bonus amendment, and the conference report on the first concurrent budget resolution. We will decide what we are going to do after we have done these things.

Mr. STEVENS. Have we changed the agreement that the battleship amendment is going to come up tomorrow morning?

Mr. BAKER. No. There was no agreement. I suggested to the distinguished Senator from Alaska that we might do that, and he graciously acceded to that suggestion. But I found that there was an objection to changing the sequence, so I did not put the request.

Mr. HOLLINGS. Mr. President under the agreement I yield to the Senator from Vermont.

UNITED STATES VOTE ON WHO/UNICEF INFANT FORMULA CODE

Mr. LEAHY. Mr. President, I am outraged by the Reagan administration's decision to oppose the World Health Organization's Infant Formula Code. These guidelines on the marketing and promotion of infant formula are the result of years of work by WHO, UNICEF, health professionals, industry representatives, and others. The code reflects a consensus of international concern for the world's children. And we are in a minority, possibly a minority of one, in voting no. We are voting against a code which addresses the growing recognition that babies are suffering as a result of a decline in breastfeeding, especially in Third World nations. This decline has occurred as formula promotion has increased, and the World Health Organization has responded to protect children.

To me, this issue raises a simple question: Does this administration value corporate profits above children's health? Do those in the Reagan administration who made this decision have in mind what the misuse of formula means for an innocent baby?

Let me present the problem in basic human terms. If a mother in a Third World country clinic receives a free sample of formula given to her by a representative of a formula company, she may be persuaded that bottle feeding is indeed the "modern" thing to do and that it is best for her baby. Yet, when she returns to her home she may find that the water to mix with the powdered formula is impure, or that she cannot sterilize the bottles, or that she cannot afford the formula. But by then she, and her baby, are tragically trapped. Once she has stopped breastfeeding, she cannot change her mind. Her body will not produce milk. In a very real issue, she and her baby are "hooked" on the expensive formula. She must keep using it, even if the baby becomes ill, even if she has to dilute it, even if the baby's life is threatened.

No one, not even the formula companies themselves, denies that breast milk is the most perfect food for infants. Breast milk offers a baby unique immunities, balanced nutritional content, and it is always sterile. It is also free.

Given the problems of poverty and hunger facing so many around the world, I cannot understand how we can line up with those pushing an expensive product the vast majority of mothers do not need.

This is first of all a human and moral question. I cannot banish from my mind the image of a child slowly starving on formula so diluted it is a pale grey—even if the Reagan administration can. I cannot ignore the anguish a poor mother must go through, knowing that her baby is suffering and that, since she cannot go back to breastfeeding, there is nothing she can do.

There are also foreign policy considerations. As a recent editorial from the Journal of Commerce stated:

> If the United States abstains or votes no on the infant formula code, we believe that it will gain little and possibly lose much in its effort to restore U.S. credibility and influence with the developing world.

I firmly believe that it is not in our best national interest to oppose this code.

This decision does not reflect the compassion and the concern of the American people. It is a mistake. It is made for the narrowest of economic reasons and the rest of the world will not soon forget our position on this issue.

Mr. President, both Senator MITCHELL and I would like to express our concern about the administration's infant formula vote. I ask unanimous consent that material be printed in the RECORD.

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

LINDA KELSEY,
Studio City, Calif., May 4, 1981.

Senator PATRICK J. LEAHY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR LEAHY: I feel very strongly that the U.S. government should support the World Health Organization/UNICEF efforts to stop the unethical promotion of breast milk substitutes. I have just returned from seeing babies afflicited with "bottle baby disease" in five Asian countries where I talked with their suffering mothers, and learned from local health workers of the difficulties they have stopping the trend away from breast feeding. What I experienced has made me very angry because it is all so preventable. But to do so requires the voice of the powerful, such as yourself, defending the silent voices of the children.

I was asked to visit Indian, Bangladesh, Malaysia, Hong Kong, and the Philippines by the International Organization of Consumers' Unions; my visit was coordinated by the consumer societies of each nation. They asked me in the hopes that my public image as a "reporter" on the "Lou Grant Show" would help stimulate support for an issue only casually treated in the press.

James Grant, Director of UNICEF, has termed this the "silent catastrophe," because the babies suffer and die with no political voice. It is estimated that four million infants will die each year—11,000 per day—as the result of inappropriate bottle feeding. (In the five days since I've returned to the time I've written this letter, the number of babies who have died has surpassed the deaths of all Americans in the Vietnam war.) Having seen one baby in Bangladesh suffering so unnecessarily, multiplying these figures to global proportions staggers me.

I visited health clinics and hospitals, talked with front line health workers, with women's groups, consumer organizations, and government officials. They were shocked when I told them that the new Administration was contemplating a vote against the WHO/UNICEF code of marketing for breast-milk substitutes, to be debated at this month's World Health Assembly. I was very moved by their sense of abandonment, of the sense of helplessness that an underfunded health worker feels when faced with the powerful interests of large commercial firms. They expressed the need for the code to help right the imbalance, and help them attain the political force needed to protect their children from the unnecessary and dangerous use of breast milk substitutes.

They showed me the promotion stickers, free samples, and advertisements of the baby milk companies. I saw stacks and displays of baby milks in tiny stores—the most visible

and prestigious products of a poor shop—next to open sewage and slum conditions which insured that the babies would only suffer, deprived of the protective qualities of their mother's milk. In one hospital I visited in the Philippines, infant formula companies' western dressed sales personnel were so common with their samples, gifts and posters, that upon entering, I was asked what milk company I represented!

The companies involved were, of course, American and Swiss. But also English, Dutch, Japanese and even Indian. I couldn't have imagined the intensity of competition until I saw huge billboards advertising milk products near the slums of Bangladesh, by so many firms.

I know that the advocates of breast feeding and the marketing code are being accused of being political. It's true, of course, and my trip has convinced me of this necessity. A powerful institution—much less the combined forces of over thirty large milk companies—cannot be changed without political intervention. But this is not an issue that splits on traditional conservative/liberal lines. Those who do so have not seen the babies, or the advertising in the most appalling circumstances—or are motivated purely by self-interest. We must act now to conserve our most valuable resource: the world's future citizens.

It is not a question of banning the use of infant formula, but of insuring its safe use. It is a case of developing guidelines that will make corporations responsible for controlling the advertising, marketing and promotion activities which in and of themselves, create a market in spite of public health considerations. The World Health Organization (consisting of 155 member nations) will undertake this responsibility this month at its Assembly in Geneva, through consideration of its code of marketing for breast milk substitutes.

I believe your efforts with Senate Resolution No. 111 are essential to protect millions of innocent children. I have written to your colleagues to urge them to support your efforts. On behalf of those I spoke with, I thank you for caring enough to commit yourselves to help at this time.

I am convinced that the U.S. will suffer great political damage if we are the only nation in the world—as we might well be—to vote against the code. After my visits, I know that it will be interpreted by people around the world that we are more concerned with the health of our industry than the health of children. This would be an insult to American ideals—and the very real feelings of American citizens who support this effort.

I urge you to make this action a priority. I'd be happy to speak with you personally about what I saw on my trip. Please feel free to call me here in Los Angeles at (213) 934-9594.

Sincerely,

LINDA KELSEY.

P.S. I'm enclosing a xerox of an article that appeared in Asia Week while I was there. I think it shows the extent of interest and depth of feeling I found wherever I went.

[From the Asia Week, May 1, 1981]

BREAST VS. BOTTLE: A NEW BATTLEFRONT

Mely, 19, feels sluggish and untidy as her visitor clucks greetings from the foot of the hospital bed. The "nurse" is matronly but trim, her uniform spotlessly white, her hair pulled smoothly back by an economic combination of tortoiseshell clasp and prim little bonnet. She slips the neat blue shoulder-bag over the bed rail and begins to fuss around Mely. Isn't Mely lucky to have an adorable new baby daughter? Is Mely sure she has enough breast-milk to keep the little one contented? Mely looks tired—babies can be so demanding. Has Mely heard about this amazing new milk developed by doctors in America and Europe where all babies are so healthy and strong?

Yue-ling, 27, worries that her 3-day-old son isn't getting enough milk from her swollen, aching breasts. The baby seems fretful and cries a lot; each feeding is becoming a trial for both mother and child. Yue-ling feels like weeping with relief when the firm but friendly young woman in the starched trouser-suit and sensible shoes explains how infant formula is scientifically designed by baby-care experts for modern mothers.

Raj, 36, listens thoughtfully as the impeccably groomed "nutritionist" good-humouredly scolds him. His wife, trying to hush their 4-year-old son and suckle the new infant at the same time, calls irritably from the door of their two-room hut: breast-feeding may be a labour, she snaps, but at least it is free. Raj sees her anger, her desperation, her rumpled and prematurely stooped figure. He hears the "nutritionist" chide him with happiness, convenience and science . . .

All over Asia, those scenes are being repeated thousands of times every day, with countless variations. Always, the aim is the same: to convince mothers that "infant formulas"—milk-substitute preparations made and aggressively marketed by multinational corporations—are better than mother's milk. Unfortunately, their claims are not true. In some instances, the claims and activities of infant formula manufacturers constitute crimes against Asia and against the developing world as a whole. Now, just when the international community has finally begun a concerted effort to combat the menace, the big companies are gearing for a counterattack.

At the World Health Assembly in Geneva, Switzerland, next month, representatives of more than 150 countries will debate a code of ethics for the sale of infant formulas and other baby foods. The code was drafted by the World Health Organisation (WHO) and the United Nations Children's Fund (UNICEF) following a joint meeting of these two agencies in Geneva in October 1979. Many infant-formula companies participated in the discussions that led to the drafting of the marketing code, they did so out of a sense of moral obligation, having studied the evidence that misuse of their products endangers the health and even the lives of millions of children around the world. Yet as the Geneva conference draws closer, some of those same companies are preparing to sabotage the code or dilute it so heavily that it will be virtually meaningless.

The reason for that scandalous about-face has nothing to do with health, science or modernity. It is pegged directly to politics or, more accurately, to the shift in American and West European politics. With the advent of the Reagan Administration, some of the manufacturers who previously cooperated with the U.N. agencies have begun to "sense an advantage," as one angry UNICEF topsider puts it. They have made it clear they intend to fight in Geneva next month by characterising the code as a "restraint on free trade." They intend to portray the code's provisions against misleading or ambiguous advertising as a violation of the U.S. Constitution's First Amendment, which protects freedom of speech and freedom of the press.

By such means, the companies plan to obscure the real purpose of the code, which seeks not to ban infant formula but to prevent or minimise its abuse through aggressive marketing. Those marketing efforts go far beyond simple advertising: most glaringly, they include the use of "milk nurses"—salespeople employed by the companies to push their products in hospitals, towns and villages. Because they appear to function in an official or semi-official capacity, and because they are often abetted by corrupt or ignorant hospital staffers, the hucksters have little difficulty winning over Mely and Yue-ling or fathers like Raj who want to make life easier for their wives.

At the core of the current debate is the incontrovertible and mounting evidence of much higher sickness and death rates among bottle-fed babies than among breast-fed youngsters. The evidence is most startlingly clear in terms of diarrhoeal diseases; bad water, dirty bottles and unsterilised teats cause diarrhoea. And since infant formula makes a big dent in family income, parents habitually dilute the product to make it last longer. Result: progressive malnutrition. James P. Grant, UNICEF's executive director, believes worldwide adoption of the marketing code "could save a million children a year now dying of diarrhoea and [the effects of] malnutrition." The infant-food industry, adds WHO Director-General Halfdan Mahler, is "morally obliged to change its practices."

Many women, for one reason or another, are not able to breast-feed; for them, infant formula—properly used—is a godsend. WHO and UNICEF don't dispute this. What they do dispute is marketing aimed at convincing mothers that infant formula is "almost as good," "as good" or "even better" than mother's milk. They also want to put a stop to marketing that suggests substitute milk products are "more convenient" and "more modern," a tactic favoured in developing and industrialised societies alike.

"Want to be a real hero?" asks an ad published by Mead Johnson & Co. of Evansville, Indiana. "Buy Mom a two-week supply of Enfamil Nursette infant formula . . . She'll appreciate your gift [because] Nursette is easy to use—it means less work, more rest . . . Isn't your wife's happiness worth it?" Yet the American Academy of Paediatrics is unequivocal in asserting that "breast milk is the best food for every newborn infant."

Mead Johnson is a wholly-owned subsidiary of Bristol-Myers Co. (annual sales: US$2.5 billion). Ross Laboratories, which makes Similac, is owned by Abbott Laboratories (anual sales: $1 billion). These two companies are said to hold about 90 percent of the infant formula market in the U.S. Along with a third, American Home Products Corp., they have begun intensive lobbying in Washington to persuade American politicians to oppose the marketing code.

Those companies had previously supported the draft code; now, conscious that a Republican government is much more inclined to leave big business alone, they are reneging. The draft, they claim, is a "serious distortion of the original intent"—a charge that leaves WHO and UNICEF officials blinking in amazement. "They helped write it!" exclaims one.

From the outset, some other manufacturers actively opposed the international agencies' efforts to draw up a code. One of them was the giant Swiss-based food corporation Nestle, whose products are familiar in many Asian countries. Nestle tried to skirt the issue, say UNICEF sources, by "insisting that it had never said breast milk wasn't best, by claiming that its products have improved baby nutrition in developing countries, by saying it doesn't advertise infant formula in poorer countries, and so on." Unfortunately for Nestle, those lofty claims are easily brought down to earth:

Claim: "Nestle actually encourages breast-feeding." Fact: While the company's products do carry the advice that "Breast-feeding is Best," Nestle's promotional and marketing techniques effectively spread the opposite message. Through doctors, midwives and the mothers themselves, Nestle clearly encourages the use of infant formula—hardly surprising, since it makes the stuff. The Interfaith Centre on Corporate Responsibility (ICCR), an activist wing of the National Council of Churches in the U.S., quotes a

letter from a Nestle "medical representative" who said her main responsibility "is to promote the Nestle infant formula products" by visiting "people in the medical profession who are directly in contact with infants." In return for infant-formula samples, she wrote, "the recipients would of course recommend, in one way or another, Nestle formulas."

Claim: Nestle does no consumer advertising of infant-formula products in developing countries. Fact: While Nestle supposedly ordered a halt to all such advertising in July 1978, it promoted formula to mothers at a baby show in Malaysia in October 1978. Formula promotion calendars were distributed by Nestle in Indonesia in 1979.

Last month, a well-known European expert on child nutrition announced that he was quitting his post as consultant to a Nestle subsidiary because of Nestle's activities in developing countries. In a letter to the British medical journal The Lancet, Dr. Stig Sjölin of Sweden's Uppsala University Hospital declared: "Despite sharp and well-founded criticism from a number of organisations and individuals over the years, Nestle has shown little interest in changing its attitudes and marketing policies." He added: "Nestle, in its obstinacy, has even joined forces with other large manufacturers of breast-milk substitutes—not, as is now clear, to establish rules of conduct that would protect child health, but to defend the manufacturers' activities and to protect their own economic interests."

The 1979 WHO/UNICEF meeting was attended by government representatives from eighteen countries including India, Japan, Malaysia, New Zealand, Papua New Guinea, the Philippines, the U.S. and Britain. Also among the participants were experts from U.N. and other agencies such as the Food & Agriculture Organisation (FAO), the World Bank's Rural Development Department, the International Labour Organisation (ILO), the U.N. Conference on Trade & Development (UNCTAD), the U.N. Fund for Population Activities (UNFPA), the World Food Programme and the U.N. Industrial Development Organisation (UNIDO). Among the participants from the infant-formula industry itself were executives from Bristol-Myers, Mead Johnson, Abbott, Wyeth and Gerber (U.S.), Friésland and Nutricia (Holland), Dumex (Denmark), Meiji Milk Products and Snow Brand (Japan) and Nestlé (Switzerland). At that meeting, by consensus, it was agreed that "there should be an international code of marketing of infant formula and other products used as breast-milk substitutes. This should be supported by both exporting and importing countries and observed by all manufacturers." The code was duly drawn up in consultation with industry officials and approved two months ago by the executive board of the World Health Organisation; now it must be approved by the WHO Assembly next month.

The motion before the Assembly will take the form of a "recommendation" to member governments, rather than a "regulation"—a concession to the industry and a reflection of the industry's lobbying over the past year. The hope is that governments, once the recommendation is accepted, will quickly give the code the full force of law in their own countries.

If the code is weakened further or scuttled altogether by the manufacturers' new counterattack, Asian governments will have only two options; to legislate against improper marketing practices, or watch more of their youngest citizens suffer and perhaps die through misuse of infant formula. Plainly, there is nothing wrong with established breast-milk substitutes, used correctly and under the supervision of trained medical personnel. But there is a lot wrong with the manner in which leading companies exploit social pressures, ignorance or poverty in selling their products to mothers who may not need it and probably can't afford it. To Geneva in mid-May, the thoughts of all caring Asians must turn.

BOTTLE-FEEDING, GOOD OR BAD? UN AGENCY TAKES CRITICAL VOTE

(By Richard M. Harley)

Angelita Flores is a housemaid in Bogotá, Colombia. Advised against breast-feeding by the local health clinic, she feeds her little Jorgito on a bottled baby formula donated by a doctor. He calls this the modern thing to do.

Irene Dunbar lives 3,000 miles away in southern Massachusetts. After bottle-feeding her first child, she switched to mother's milk for her second baby and will settle for nothing less for her third child. She considers breast-feeding the "modern," nutritional thing to do.

The contrast between Angelita and Irene illustrates one of the odd—and many feel tragic—ironies of this century: Just when women in rich, industrialized countries are returning to breast-feeding as a safer and more nutritional method, mothers in many poor nations are dropping traditional breast-feeding in favor of bottle-feeding.

The World Health Organization (WHO) and the United Nations Childrens Fund (UNICEF) see the third-world trend toward bottle-feeding as contributing to infant mortality and malnutrition. And when the WHO meets May 19 in Geneva, they will try to pass an international code of ethics to reverse the trend.

The new code, if passed, would urge governments to do far more to protect and promote breast-feeding and to take responsibility for distributing reliable information about breast-feeding substitutes.

For years debate has been raging over the bottled milk vs. mothers' milk issue. Baby-food officials argue they have a useful product. Their critics say that baby-food marketing in poor countries is discouraging mothers from breast-feeding, thus compounding some already severe health problems of babies. They say that bottle-feeding often leads to pollution or over-dilution of the milk formulas.

UNICEF's executive director, James Grant, says that a million infant deaths could be prevented each year if the international community would promote natural breast-feeding.

Seldom has an initiative of the United Nations, which has no real power to enforce its recommendations on its members, generated so much political heat.

The reason: The WHO code could strengthen the hands of politicians who want to dimish the influence of infant formulas. The result could be a far tougher climate for the marketing of mother-milk substitutes in developing countries—and even perhaps in the U.S.

Infant-formula companies scream "Foul!"—and say the milk question raises the possibility of other government restrictions on free enterprise.

In recent weeks the companies put aside their competitive instincts and combined forces, aggressively lobbying Congress and the Reagan administration to oppose the new code. Some have sent out mass mailings to leading American businessmen. Several weeks ago former Sen. Sam Ervin Jr. testified in Congress to the effect that the code was a totalitarian document that could undermine American constitutional values of free speech, free press, and free competition.

Industry spokesmen have been arguing the dangers no less adamantly.

"We at Mead-Johnson (a subsidiary of Bristol Myers) and other formula companies agree that infant formula should not be promoted at the expense of breast-feeding," says spokesman Gary Mize.

"But as we interpret the code, its prohibitions on communication with the public are far too sweeping, far beyond just cutting back advertising that would discourage breast-feeding, a goal to which we subscribe."

The industry lobby appears to have prevailed. The White House has decided to oppose the code, according to a State Department spokesman. He acknowledged that the U.S. could be the only United Nations member to take that stand.

The reasons for the decision closely parallel reasons why many companies oppose the code. Industry representatives told the Monitor that the code cannot be adopted in the United States without violating rights of free speech and enterprise. They said it could be stretched to apply to other foods besides breast-milk substitutes. The code is not, they say, the best way to encourage breast-feeding, and there is no definitively proven connection between the marketing of breast-milk substitutes and declines in breast-feeding (all points denied by the code's advocates).

Still, the advocates believe that in poor countries a vast number of young mothers urgently need help from the international community. Too often, they argue, many of these women find themselves caught in a cross fire of slick arguments that they do not understand. Says Edward Baer of the Interfaith Center on Corporate Responsibility in New York:

"There is simply too much danger of women in developing countries being enticed by infant-formula advertizing to abandon breast-feeding, of the high cost of formula resulting in poor women diluting it to nutritionally dangerous levels, or of powdered formula being mixed with polluted water."

The number of malnourished babies in the world has reached the 300 million mark, estimates Dr. Michael Latham, director of the Program on International Nutrition at Cornell University. Bottle-feeding is directly related to the main illnesses associated with that malnutrition, he believes.

To help turn the tide, the WHO code would urge governments to prohibit both the promotion of breast-milk substitutes to the general public and the distribution of free formula samples to pregnant women.

The code does recognize the need for infant formula to be available in case a mother is unable to breast-feed. But it urges that formula-company employees should not try to educate mothers, should not be given bonuses or quotas for sale of breast-milk substitutes, and that health care facilities not be used to promote or advertise infant formula.

The code also urges that infant formula labels provide information about the correct use of products in a way that will not discourage breast-feeding.

Ironically both the infant formula companies and the US government were actively involved in the writing of the code they now oppose. Various company spokesmen interviewed by the Monitor said they actually agree with the broad principles and purpose of the code.

Nevertheless Mead-Johnson's Gary Mize explains that the corporations' recommendations for the code were largely ignored by the WHO.

The point puzzles one US government official, who says that years of negotiation and mutual compromise among the UN agencies, US government, formula companies, and health officials had gone into the writing of that code.

"We worked long and hard to get a compromise code that would realistically be workable for all parties involved. But now all of that work has been scuttled as our government has changed its view as a result of the infant formula companies' lobbying."

The US decision to oppose the code has also deeply disturbed a range of top-ranking development experts in the US government agencies. The experts, who declined to be identified at this writing, plan to make pub-

lic May 18 their concern that the US posture signals to the world that America cares more about corporate activities than about the health of children, that it could endanger cooperation with developing countries and many joint ventures already under way in the area of infant health.

In the final analysis, there is something about the code that rings "too legalistic" for the formula industry and the Reagan administration—despite the fact that the code provisions are called "recommendations."

If there is to be regulation, the companies want it to be voluntary and adapted to the needs and conditions of each country. Bristol-Myers and Abbott-Ross Laboratories are two American formula producers that have acknowledged a need to curb advertising that could discourage breast-feeding. (American Home Products and Switzerland's Nestle Company have not.)

Bristol-Myers also claims to have clamped down on employees who have not done this.

But code advocates are not willing to leave the regulation of formula promotion up to the producers themselves. They worry about the producers' long-term motives. With trends pointing toward increased breast-feeding in the industrialized West the companies may be forced to look for new markets. And markets in the developing countries—already worth an estimated $1 billion—could be exceedingly lucrative, since the vast majority of new babies will be born there.

All of this, worry the code advocates, could put enormous pressures on the companies to promote their formula aggressively.

The companies are already organizing campaigns to influence those governments working on codes for baby-food sales ethics, says Edward Baer of the Interfaith Center for Corporate Responsibility. The guidelines being suggested by industry, he says, recognize the need for voluntary restraint by companies but still allow free promotion of their products.

Codes in Malaysia and Singapore have indeed adopted guidelines offered by the International Council of Infant Food Industries (ICIFI), according to the organization's secretary-general, Dr. Stanislas Flache. (ICIFI member companies with major formula sales in developing countries include Cow and Gate from Britain, Nestle of Switzerland, five Dutch companies, four Japanese companies, Wyeth International of the US, and a Danish and a French firm.)

In addition, various companies were influential in formulation of the codes in Peru, Kenya, South Africa and Nigeria, says Dr. Flache.

The Interfaith Center feels that some industry jockeying has been less than ethically upstanding.

Last year, says Mr. Baer, the Nestle Company offered a large money grant to the Indian Academy of Pediatricians, whose president happened also to be on India's committee for drafting a code for baby food marketing. The president proposed guidelines offered by formula industries. But health experts and others got wind of it and prevented passage.

In addition, some industry-promoted codes already in existence seem chock-full of loopholes. Loopholes in Kenya's new code, for example, was criticized recently, according to Monitor special correspondent John Worrall in Nairobi.

On the one hand, the Kenyan code urges that the companies marketing formula should avoid competing with breast milk or creating an artificial need for the product, that mothers should be encouraged to seek competent advice on safe use of the formula and that labels and advertisement to the general public give clear information along these lines. With these guidelines the Kenyan government hopes to restrain food companies from taking advantage of easily persuaded, illiterate women.

However, the Kenyans were not willing to lay down penalties for manufacturers who abuse the code. And some health officials and news commentators in Kenya criticized the code for allowing free infant formula samples in maternity houses and clinics, samples that critics say convince mothers of the merits of specific formula brands at the outset. And too little attention was given, the critics charged, to the poverty and other social factors that can be linked to poor lactation in mothers.

Nevertheless, as final vote now draws near in the World Health Assembly on whether to set up an international standard to guide the marketing of infant formula, uncertainties abound.

Will US opposition pressure other countries to oppose the code? Will the American position force developing countries to harden their own stands even more to demand a code with even stronger regulatory language? And what will be the legacy for the future of cooperation between developing countries and the industrialized West?

Much will depend on whether the delegates can find compromises that put industry and governments at ease about the future of free enterprise, while at the same time keeping in mind the need to ease the suffering of children in countries where poverty already makes basic survival hard enough.

INFANT FORMULA MARKETING CODE

● Mr. MITCHELL. Mr. President, recent reports that our Government has decided to veto adoption of a code of marketing practices for infant formula companies are distressing.

The code is an advisory. It does not have the legal force of a treaty or other international obligation. It does not require the United States to impose any limits on marketing practices for infant formula domestically, nor does it mandate any restrictions on such practices by U.S. companies operating abroad.

It would require the United States to report back to the World Health Organization as to what steps it has taken to prevent misleading and overly aggressive selling of infant formula in circumstances where its use is not appropriate.

Today, 96 nations in Geneva met to debate and to uphold that code. They are nations that range from industrialized countries like Britain, Canada, Switzerland to the very poorest countries whose babies are most at risk from inappropriate infant feeding practices.

Ninety-three nations voted yes.

Only three nations voted no. The United States of America was one of them.

This is not an action in which I, as a citizen of this land, take any pride.

By a negative vote, we are not protecting the right to free enterprise. Our own laws prohibit misleading advertising. We are not protecting the first amendment. The first amendment does not condone unfair business practices.

In 1978, our Congress enacted legislation to protect the quality of infant formula sold here in the United States. That action did not infringe on the rights of any company to conduct its business within the law.

Yet, we are voting against this international, advisory code because of claims that the restrictions it recommends against marketing practices represent an intrusion on constitutionally guaranteed rights.

The purpose of this advisory code is simple. It is intended to support the governments of poorer nations in their efforts to protect their people against the blandishments of advertising that implies infant formula is as good as breast-feeding, preferable to breast-feeding, or superior to breast-feeding.

It is designed to help limit the practice of companies dressing their saleswomen in uniforms that look like nurses' uniforms, and sending them to maternity clinics and villages to make the sales pitch to illiterate women that infant formula will make their babies as strong and healthy as European babies, or American babies.

It is designed to prevent these "nurses" giving free samples of formula to post-parturient women for a few days, a practice which lets the mother's milk dry up and makes a return to breastfeeding impracticable.

The manufacturers have claimed that they do not engage in these and similar misleading practices any more under a voluntary code of self-restraint. But a report by health professionals, Peace Corps workers and others in the field last year found at least 700 individual instances of abuse.

The manufacturers claim that marketing does not encourage women who can breastfeed to switch to formula. They claim their only goal is to reach those women who cannot breastfeed. If these marketing practices do not, in fact, encourage sales, it is hard to understand why the companies are so adamant against any restrictions.

And it is even more difficult to understand in light of the fact that this code is purely advisory. It mandates nothing.

This question involves much more than ideological arguments over whether we should verbally oppose the anticorporate animus of some governments. It directly affects the health of newborn babies in Africa, Asia, and Latin America.

Infant formula is meant to be prepared under careful sanitary conditions. It is designed for mothers who understand the nutritional needs of their babies. When it is mixed from a contaminated water supply, when none of the utensils can be sterilized, when illiteracy or misunderstanding combines with poverty to stretch the precious formula by watering it down, when it cannot be refrigerated in a tropical climate, then the use of infant formula is surely inappropriate. When the disposable bottles American mothers use do not exist, and formula is given to a baby from a Coke bottle with a rag tied across the neck, then, surely, infant formula is dangerous to infants.

So I am deeply concerned about the implications of our negative vote. Instead of sending the message that we support free economic activity, that corporate operations play an important constructive role in developing countries, are we instead sending the message that the economic health of private interests far outweighs any other consideration in the world community?

That is why I am concerned about the administration's overruling the decision reached by the Department of State and Health and Human Resources to abstain on the vote as a mark of U.S. concern about overly broad restrictions on commercial activity. An abstention sends

that precise message. A negative vote sends much more.

The drafting of the code has been substantially modified at U.S. insistence. References to non-milk-substitute baby foods were eliminated at our insistence. The code was made advisory, rather than being issued as a regulatory code, at our insistence. The language of the code was toned down at our insistence.

All this was done to maintain the unanimity of world concern about the nutrition and health of the most helpless among us, newborn infants.

But, apparently as the result of industry lobbying, the administration is going to veto this advisory recommendation.

A recognition of the sanctity of human life and support for the right to life itself surely goes beyond the most elementary goal of seeking to permit birth.

It surely entails obligations to preserve newly born life and to protect the health of the newborn, as well.

I deeply regret the decision to vote against this code.●

SUPPLEMENTAL APPROPRIATION AND RESCISSION ACT, 1981

UP AMENDMENT NO. 114

Mr. HOLLINGS. 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. HOLLINGS. I thank the distinguished Presiding Officer.

Mr. President, I send to the desk an amendment on behalf of myself and Mr. TOWER of Texas. The purpose of this amendment is to restore funding for the aviation officer continuation pay program that was authorized by this body in the fiscal year 1981 Defense Authorization Act and requested by the administration in the fiscal year 1981 supplemental now before us.

This program was designed to deal with our critical problem of aviator retention. We have recognized for some time, the need to stem the loss of experienced aviators into the cockpits of the airlines and other occupations. We have recognized for some time that we were experiencing serious shortages of trained aviators and that the training costs for replacements was extremely high. It was a realization of this fact which lead the Congress to enact the aviation officer continuation pay (AOCP) program. That legislation required that the service secretaries prepare and implement plans to meet the unique needs of the individual services.

It has been stressed time after time by the Congress that we believe the best method of compensation is the method that involves targeting the problem and putting our financial resources on that target. It is our belief that we are ill-served by trying to meet manpower problems with ever expanding across-the-board increases in compensation. It is for that reason that Senator TOWER and I have proposed the amount of $55.5 million rather than the $79.3 million originally requested by the administration. This represents a 30-percent reduction in their original request. It is our feeling that providing this lesser amount will provide even greater incentive to the services to deal with these shortages in the most deliberate and careful fashion possible. We have been informed by the Department of Defense that they support this amended request.

Mr. President, as I said earlier, I think we are all familiar with the problem. However, I shall like to offer a few examples of the critical need. In the Navy, for example, our current pilot shortfall is 22 percent and our current shortfall of naval flight officers (NFO's) is 8 percent. The Marine Corps has a 15-percent shortage of pilots and a 16-percent shortage of NFO's. Furthermore, the problem is becoming more severe daily.

Again in the Navy, 278 aviators submitted letters of resignation between October 1, 1980 and April 1, 1981. Many of these would have been retained had this program been in place—212 aviators currently have resignations pending which will take effect by the end of August 1981. The Navy believes that the enactment of this program will result in between 85 and 95 of these people withdrawing their resignations. Since it costs better than $700,000 to train one aviator, the retention of the 85 on the low side of this estimate would more than recoup the cost of the amendment we are offering here today.

Mr. President, as severe as the numbers show this problem to be the numbers only relate half the story. The aviators that we tend to lose are our best aviators. They are the ones most sought after by the commercial airlines. The replacement of a highly qualified, experienced, and seasoned pilot with a newly trained pilot on a one-for-one basis results in the status quo but an overall loss of capability. For that reason, our emphasis must be on retention of the highly trained aviators we have now, rather than on the recruitment of replacements.

Mr. President, in considering the AOCP program, the House Appropriations Committee restricted its application to pilots only. This action would prevent the payment of these bonuses to naval flight officers or NFO's. We feel this is a grievous mistake. The NFO is and must remain a full and equal partner with his cockpit mate. I ask unanimous consent to have printed at this point in the RECORD a letter from Secretary of the Navy, John Lehman, on that subject and should also like to include a letter from the Under Secretary of the Navy, Robert Murray, to Chairman ADDABBO of the House of Defense Appropriations Subcommittee in which he says, and I quote:

> If we reverse the trend for pilots but not for NFO's we will be no better than we are today—we will just move the problem to the back seat.

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

THE SECRETARY OF THE NAVY,
Washington, D.C., May 19, 1981.

Hon. ERNEST F. HOLLINGS,
U.S. Senate,
Washington, DC.

DEAR SENATOR HOLLINGS: I want to bring to your attention an issue that I believe to be of major importance as we strive to achieve and maintain maritime superiority. The issue is the manpower health of the naval aviation community, in particular, the retention of naval aviation officers. The Defense Authorization Act for FY-1981 authorized a bonus for aviation officers, the Aviation Officer Continuation Pay (AOCP), that would permit us to begin to correct a recognized unsatisfactory situation, has yet to be implemented. The funds for this program were included in the FY-81 Supplemental request but have been deleted in the Bill that is now before the Senate.

I am aware that you have been briefed on this issue and that your staff has received briefings from the Department of the Navy and the Department of Defense. As a result, I will not detail the magnitude of the problem or the specifics of our recommended program in this letter. There are, however, a few facts that should be mentioned.

There is, I am told, no disagreement regarding the fact that Navy is critically short of naval aviators. Similarly, there is no disagreement regarding the need for action to correct retention statistics that clearly do not meet our current or future needs. I believe that most of the concerned members and staff members would agree that some form of compensation improvement is required.

When AOCP was authorized, Service Secretaries were provided with the necessary flexibility to prepare and implement plans that met the unique needs of individual Services. I did not take this requirement lightly. One of the factors I carefully considered was the level of AOCP payment that should be made to pilots and naval flight officers (NFO's). Both specialty areas have shortfalls when comparing inventory to requirements. The pilot shortfall is greater (22 percent pilots, 8 percent NFO's). The Marine Corps has a 15 percent shortage of pilots and a 16 percent shortage of NFO's.

It is an essential requirement to consider pilots and NFO's as a single part of the naval aviation team. The employment of these aviators, particularly in an operational environment, dictates this choice. NFO's and pilots fill billets afloat and ashore without regard to aviation specialty in every instance that does not involve actual piloting of aircraft. This includes command of operational squadrons flying off our aircraft carriers. It also includes every position within those squadrons and in command of ships and shore activities. In every way, NFO's are equal partners on the aviation team.

We do not have enough pilots. We do not have enough NFO's. Both are extremely expensive to train. Both require extensive operational experience to become productive airmen and leaders in aviation. Yes, NFO's are being retained at rates which, in comparison with pilots, seem to be quite satisfactory. One must balance this with the realization that NFO's need to be retained in even greater numbers and every one retained can be used to meet the growing aviator shortfall, a shortfall that will grow to 41 percent pilots and 23 percent NFO's if action is not taken. Considering these factors, I chose to submit a plan that paid pilots and NFO's the same amounts of AOCP. It has taken years to build a team environment with pilots and NFO's working and flying together, often in two place high-performance fighter and attack aircraft, and the plan I submitted recognizes the worth of that effort and of the individuals involved to naval aviation effectiveness.

If the Senate accepts the deletion of all funds for AOCP, it is saying, in effect, that paying nothing for the time being is a better approach than the one I have submitted and the Deputy Secretary of Defense has approved. It is saying that the flexibility granted to me as Secretary of the Navy was

not used in a manner most beneficial for naval aviation. Mr. Chairman, I do not believe that either of these statements is true. We need to get on with correcting the problem now. It is nearly a year since authorizing legislation was enacted and we have yet to apply AOCP to save a single aviator. In fact, given the drawn out period between enactment and implementation, I believe the issue is now having a detrimental impact. Designing a new program, with tighter controls and less flexibility, will take time and will restrict the ability I now have to use the bonus in a way that best meets my Department's needs. I would also expect that the authorization and appropriations process would take a good deal of time and aviators who might have been retained will leave during the interim.

We need every pilot and NFO we can retain. I urge your support in keeping the program alive so that we may actually start implementing the bonus as soon as possible. I would find it acceptable if you would propose an amendment that would result in an across-the-board decrease in the amounts to be paid and also require each Service to come back to you with a revised implementation plan to become effective at the earliest opportunity. I ask for your help with the conviction that the combat readiness of the Department of the Navy will be significantly helped, or hindered, by the result.

Sincerely,

JOHN LEHMAN.

OFFICE OF THE SECRETARY,
May 5, 1981.

Hon. JOSEPH P. ADDABBO,
Chairman, Subcommittee on Defense, Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR MR. ADDABBO: As we discussed on Wednesday, I am concerned that deleting Naval Flight Officer's (NFO's) from our proposed Aviation Officer Continuation Pay (AOCP) program will have a negative impact on our officer retention problems. The Navy is currently short 22 percent of pilot requirements and 9 percent short of NFO requirements and our requirements for both are growing. Economic analyses show a worsening retention trend that could cause shortages of 41 percent and 23 percent respectively. If we reverse the trend for pilots but not NFO's, we will be no better off than we are today. We will just move the problem to the back seat.

The Navy has laboriously worked to build equality between pilots and NFO's over the past 15 years, to the point where we are assigning NFO's to cover pilot shortages thereby balancing the shortfall problem. Pilot and NFO's fly together as essential elements of a weapons system, they operate in the same environment and they both serve in positions of squadron command. I do not believe we can afford the adverse impact on morale, teamwork, performance and retention that different monetary opportunities would create.

We intend to appeal your committee's $15.4 million mark against the AOCP program to the Senate Appropriations Subcommittee on Defense. Should we be successful in gaining full support of our request in that body, I solicit your reconsideration of the issue and full support during conference. For a relatively small investment, we have the opportunity here to reverse an unacceptable retention trend and make a significant improvement to our overall readiness posture.

I appreciate having had the opportunity to discuss this very important issue with you.

Sincerely,

ROBERT J. MURRAY,
Under Secretary of the Navy.

Mr. HOLLINGS. Mr. President, this is not a situation where we can afford any more delays. The Navy is currently short over 2,200 flight officers; the Air Force shortfall is over 1,400 and for the Marines—a much small service—the shortfall is over 700. In brief, there are over 4,300 billets for qualified aviation personnel currently going unfilled. In calendar year 1982, 2,200 Air Force and Navy pilots will reach the end of their obligated service. In that same year, 1982, the airlines projected need for aviators is an additional 1,600. In calendar year 1983 when 1,300 Air Force and Navy pilots will be at the decisionmaking point, the airlines will require an additional 2,000 aviator personnel. If we do not act now to give our services the proper retention tools, the problem will go from critical to catastrophic.

Mr. President, we are operating in a mood of fiscal restraint and properly so. Therefore, the sponsors of this amendment do not intend to add funds to the supplemental appropriations bill. Rather, we intend to offset our proposal with a corresponding reduction or offset. We have chosen to reduce the account for nonfuel cost for each of the affected services by the amount necessary to accommodate this item. This action forces the services to prioritize between competing programs and needs in the fashion this Congress has been striving to encourage. They are in effect paying for a program they desperately need by taking it out of their hides.

We believe that this meets the affordability standard which should be applied to all programs within the Federal Government. Although, in this instance, I believe the affordability issue is can we afford not to.

Mr. President, right quickly, under this limited time, at the present moment the Navy is currently short of 2,200 flight officers. The Air Force has a shortfall of over 1,400 flight officers and the Marines, a much smaller service, has a shortfall of 700 flight officers, pilots, and navigators.

So we are now short in aviation personnel in the Department of Defense of 4,300 pilots and navigators. And we find the airlines looking for at least 600 next year in 1982 when some 2,200 of those pilots whose time is coming up to either get out or continue. The following year when they will be looking for 2,000, we have 1,300 Air Force and Navy pilots who will be reaching that decision.

On last year Congress foresaw this dilemma. We were all talking about it. The President even met on the deck of the *Nimitz* on Memorial Day promising this particular program and we came forward with the aviation officer continuation pay in the defense authorization bill.

The administration now has requested in the supplemental a funding. We have not given the full funding, but we have given enough to retain the officers that we feel are necessary at the cost of some $55.5 million.

It is really extracted from the nonfuel costs and does not cost the budget but in essence saves literally billions. If we look to the 298 pilots who are going to be retained and the 60-some flight officers, in 1981 alone, these 358 aviators will represent a training investment of some $256 million. There will be 1,930 pilots through 1985 who will be retained and some 381 flight officers, to the tune of 2,311 aviators we are going to save $1.7 billion as compared to the cost during that entire 5-year period of only $210 million.

So we are saving the money, we are saving the experience, and we are saving face, faith, and confidence.

We promised this. We should carry through that promise. We have allowed the flexibility within the particular services whereby the Navy is treating their navigators and pilots on the same basis, with the same hazards and separation from home to be contended with, which was not treated in the House version. They only gave it to the aviators and left out the navigators, and like half a haircut, it was worse than none at all. It really is going to cause more problems than it solves.

Our distinguished colleague from Alaska said give them sea pay. We studied this closely. The administration, the Secretary of the Navy—and in fact the former Secretary wrote this authorizing bill, the distinguished Senator from Virginia, Senator WARNER, whom I am going to yield to momentarily all studied this proposition. Secretary Claytor talked to me earlier this morning about it. We have it targeted. It is a money saving. It is absolutely necessary if we are going to treat with any objectivity the needs of our particular defense.

We cannot come forward with some $26 billion for all kinds of equipment and fanciful material and not take care of an emergency situation here.

With that having been said, let me yield now to the distinguished Senator from Arizona.

Mr. GOLDWATER. Mr. President, I wish to support the amendment of the distinguished Senator from South Carolina. I think it is one of the wisest things that we have done in a long time.

Just a brief history of what we used to call flight pay, because that is what this is, and it has since been applied to all hazardous occupations in the military service, but flight pay used to be 50 percent of the base pay of a pilot, and it was a very attractive addition. It kept people in the service because no matter how high they went in rank, that 50 percent applied.

That has been discontinued a long time ago, and the unfortunate thing is that when the pilot really needs this little pad, when he gets to be a captain, but particularly a major when his children are of age to go to college or in high school it is going to cost this man more money than we are now paying him. So what does he do? He looks around and finds a job with the airlines or he finds a job with commercial flying some place or quits the military altogether.

Mr. President, it costs us in all the services—I do not care what service we are talking of, the Navy, the Marines, the Army, or the Air Force—about $250,000 to $300,000 to give a pilot the basic training needed to get him off the ground

and back on the ground, and then when we get this pilot up to flying a B-52 we have had $1 million to train this pilot and about three-quarters of that to train his copilot, not to mention the engineer sitting behind them who is going to have probably $500,000 invested in him, and we are trying to knock off one of the most enticing bids that we have ever put in the pay envelope for the pilot of all the services.

I certainly hope that the amendment of the Senator from South Carolina succeeds because in my travels around talking to the Air Force units that I visit almost every weekend I have told them that this is one of the benefits that we are going to give them that we have taken away from them, and I want to see the retention of that middle grade officer, the high company grade of captain and major, which is the most important rank we have in the Army and the Air Force and the Marines and will be the comparable grade, I believe, of a lieutenant commander in the Navy.

So I am glad the Senator has introduced this amendment, and I give him my full support and I speak from many, many, many years experience with this subject.

Mr. HOLLINGS. I thank the distinguished Senator and the distinguished pilot.

Mr. President, I ask unanimous consent that the distinguished Presiding Officer, the former Secretary of the Navy, Mr. CHAFEE, be added as a cosponsor, and also the Senator from Arizona (Mr. GOLDWATER), and the Senator from Delaware (Mr. BIDEN) be added as cosponsors.

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

Mr. HOLLINGS. Mr. President, I yield now to the distinguished cosponsor, the Senator from Texas. We have had a request also from Senator ARMSTRONG and Senator BIDEN.

Mr. TOWER. Mr. President, I suggest the Senator from South Carolina reserve the remainder of his time as he does not have much, and it might be that the opponents of the measure would wish to use some time.

Mr. HOLLINGS. All right. I reserve the remainder of my time.

Mr. President, I ask unanimous consent that the Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor.

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

Mr. STEVENS. Mr. President, what is the time situation?

The PRESIDING OFFICER. The Senator from South Carolina has 7 minutes and 17 seconds remaining. The opponents of the measure have 15 minutes.

Mr. STEVENS. Mr. President, I yield myself 5 minutes.

Mr. President, it is not a simple matter of bonus or flight pay.

I have great regret that I disagree with my good friend from Arizona on the matter. I am not so sure I have great regret for disagreeing with my other friends on the matter because we have argued it before.

Let me tell the Senate what the Hollings amendment really is. This is a short-term, quick fix that deals with the Navy alone. The Navy retention figure for pilots is bad. Air Force retention is good and the Navy retention for navigators is good.

What the bonus does is that it commits us to a 5-year appropriation totaling over $535 million to pay bonuses to people just as they are about to leave the Navy.

Now, as a practical matter, the Navy telephoned aviators who were ready to resign. They telephoned 150 people. Fifty-three percent of them said a bonus would make no difference, and it would not retain them.

What we are talking about is not a bonus and flight pay, if I might say to the Senator from Arizona. It is a bonus or flight pay. It is possible that both may not be funded. We have asked to fund the flight pay because we believe that an across-the-board flight pay increase is what is needed.

Let us keep in mind we have increased military pay last year 11.7 percent. There is an additional request for a 5.3-percent increase. This fall the Department of Defense is requesting 9.1-percent increase. On top of that we recommended the increase in flight pay.

This bonus will say to the people who are about ready to resign, "If you sign up you can have a bonus." It does not pay anything to the people who are not considering resignation.

There will be such a discrepancy in terms of pay to pilots—if Navy pilots receive the bonus—that the situation will be exacerbated rather than improved.

In addition to that, the pilot can take the bonus and leave. There is a 1-year commitment to stay. It is not a commitment to sign up only for 4 years; it is a commitment to 1 year he can take it and leave.

Once you start the bonus for the Navy you will have to do it for the Air Force; once you do it for the Navy and the Air Force you will have to do it for the Army. Once you do it for pilots you have to do it for navigators.

We recommend an across-the-board flight pay increase for everybody, not just for those who are about to resign.

It is a poor strategy to aim for a quick fix, to throw a bonus at people to keep these people. Has Senator HOLLINGS figured out how much it costs to train those who are about ready to resign? What about the thousands of other aviators who may not get it?

It is not fair to pay a bonus only to those people who are ready to resign. We ought to have a compensation system that pays everybody who is involved in hazardous duty.

Mr. President, I do now know why this amendment is being pressed so hard. It is disturbing to me that we cannot question anything in this authorization bill without having it come back on the floor. If that is the case, there is going to be an awful long time spent on the full annual authorization bill. There will not be these kinds of agreements to take up amendments before we see them, before we know of them.

This amendment, incidentally, is subject to a point of order. We will have to wait and see if we will raise a point of order. It is improperly drawn and it should not be presented here at this time. It will be in conference.

I have called the attention of the Senate to the fact that each one of the amendments we will debate on this portion of the bill will be in conference and there are other items in this bill that will be in conference. Are we to set a position with the Armed Services Committee that we cannot take an item out and many times we take them out, to have something with which we can get the attention of the other body because we have no right to question the Armed Services Committee?

I question this one from the point of view of its fairness to all pilots, its fairness to all flight personnel.

I will take one more minute. We should talk about the question of compensation for all flight personnel. This covers only commissioned officers. It does not cover noncommissioned crew people. It is an unfair way to solve the problem solely because the Navy has a pilot retention problem right now.

I reserve the remainder of our time.

Mr. HOLLINGS. Mr. President, I yield time to the distinguished Senator from Virginia, who now wants to be recognized or the Senator from Colorado. We only have 7 minutes, and we have about five people who desire time. I yield to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I appreciate the Senator from South Carolina's yielding, and I congratulate him on the leadership he has shown in this matter. I am proud to join him in cosponsoring this amendment.

Let me say I think there is much in the argument which has been made by the Senator from Alaska. I am personally persuaded we are chipping away at this problem, making the first approach for adequate compensation for pilots, navigators, aircraft technicians, radar operators.

The truth of the matter is we could pass a pay raise every week for somebody in the military service in the next month, and we would start to be caught up. The practical effect is that this amendment addresses a very specific, very pressing, very critical problem, and I think the Senator from South Carolina is right on target. I agree with him. I support the amendment and I hope the Senate will go along with it.

I rise in enthusiastic support of the Hollings amendment on aviation officer continuation pay.

I would have preferred that the entire amount of $79.3 million requested by the administration be approved for this worthwhile program. But the Hollings figure of $55.5 million, to be taken from funds unneeded to meet fuel cost increases, seems to me to be a more than acceptable compromise.

The Senate knows how strongly I feel about the need to increase military compensation. Compensation increases are especially vital in critical specialties such as aviators where the differential between what a serviceman earns, and what he could be earning for performing the

same skill as a civilian has reached surrealistic proportions.

Unquestionably, there are improvements that can be made in the aviation officer continuation pay program, and other specialty pay programs in the Armed Forces. But emphasis on specialty pays needs to be increased rather than decreased. We must devote the scarce resources we have to increase military compensation in the most effective ways possible. Programs like this one, where money is directed at a critical need, and where funds expended to keep experienced pilots on active service will not add to retirement costs downstream, need to be supported.

Approval of the funds requested for the aviation officer continuation pay program is one of the most cost-effective steps Congress can take to strengthen our national defense. We spend up to $1 million each to train the pilots who will benefit from this program. The cost of retaining these experienced pilots through aviation officer continuation pay program is trivial in comparison with the cost of training inexperienced new pilots and flight officers to replace them. It would be penny wise and pound foolish, to ignore the financial advantages offered by this amendment.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I thank the distinguished Senator from South Carolina. I thank him for the opportunity to speak in support of this amendment to restore funding for the aviation continuation bonus. I join him in this amendment.

This is a matter of great importance. How we resolve it here in the Senate will have a substantial impact on the overall military readiness of this Nation.

Every Senator recalls the problems we have encountered in recent years in maintaining military readiness at high levels. And every Senator recalls that shortages of highly skilled career personnel were a major cause of declining military readiness.

In the words of the Chief of Navy Operations last year, we were suffering from a "hemorrhage of talent."

Well, last year the Congress took action to stop the hemorrhage. We passed the Nunn-Warner bill, we passed an 11.7 percent pay raise and we passed the so-called fair benefits package. We here in the Congress also passed an aviation continuation bonus—the very bonus which is now the subject of this debate.

Those actions have gone a long way toward curing the problems. According to recent testimony from all of the services, retention or re-enlistments in the career grades has improved substantially.

In short, the men and women of our Armed Forces received the signal loud and clear that the Congress does care about their problems.

However, in the aviation community, the signal has been mixed. There have been increases in compensation, but some things which seem to have been promised have not been carried out.

The aviation continuation bonus is one of those things. When it was passed last year, it was perceived as a very positive signal. However, not a penny has yet been paid almost 1 year later and it looks as though it might never be paid.

If we refuse to fund this program in this appropriation bill, we will be sending a very bad signal. We will be saying that we will not live up to our part of the bargain. We will be saying that personnel problems were last year's issue and that we no longer care. After all, military readiness is not the headline grabber it was last year.

Mr. President, we here in Congress have to be more responsible than that. We have to do what is right. We have to do what is prudent.

This aviation continuation bonus is right and we should fund it.

There are critical shortages in aviation billets right now, and they are going to get worse if we don't do something about it. If we lose those people, we will be losing millions and millions of dollars worth of training and experience. It currently takes almost a million dollars to train an aviator for our military services and millions more in fuel, training, and aircraft are spent to get the levels of experience we require.

It seems only prudent to make a small investment now to keep from losing the huge investment our Nation has in these people.

Mr. President, I would not go into great detail here. I would not throw around statistics and percentages. Those facts are already available.

What I would like to do is point out that the amendment we are discussing allows for a great deal of flexibility in targeting money to the areas of greatest need. It does not require payments to all aviators.

As is consistent with the legislative intent of the authorization bill last year, the Secretary of Defense is permitted discretionary authority so that he can respond to the different needs of each of the services.

Mr. President, let me comment briefly about the legislative history of this aviation bonus. I was a participant in the committee deliberation on this matter and it was on my motion that the committee approved an expansion of the bonus coverage to include aviation personnel other than pilots.

There were last year, and there are now, shortages in aviation ratings other than pilots. In the Navy and the Marine Corps, there are significant shortages of naval flight officers (NFO's). They are equal partners in the aviation team. The aircraft can't perform their mission without them. The NFO's take the same risks and endure the same hardships as pilots.

It was the committee's view that NFO's and navigators should also be eligible for the bonus if there was a shortfall.

Retention was the purpose. The bonus was intended to be used to stem the outflow of skilled aviators whether pilots, navigators, or NFO's.

At the same time though, the committee intent was to target the bonus to where it was needed. It was recognized that the needs of the services might be different. One service might need the bonus to retain sufficient numbers of aviators with the right experience mix, while another service might not.

The Secretary of Defense was given the authority to tailor the bonus to need, to target the bonus on areas of greatest need.

The legislative intent was clearly to use this bonus as a retention tool, and it was clearly to include NFO's and navigators if there was a shortfall in retention.

Mr. President, one thing is clear. We have a shortage of pilots and other aviation rated personnel. If this bonus is not funded, the problem is going to get much worse and our military readiness is going to suffer.

We have an obligation, as Members of Congress, to avoid waste and inefficiency in Government and I believe that failing to fund the continuation bonus would be highly wasteful and inefficient. All those aviation people we are talking about represent a taxpayer investment. We should not allow that investment to be lost.

I urge all of my colleagues to support the pending amendment to restore funds for the bonus. It is a good investment and one well worth the cost.

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from Delaware.

Mr. BIDEN. I will not take much time, Mr. President.

Two years ago I was made a believer on this point, and a year ago it was reinforced when I visited our fleet in the Persian Gulf and spent 2 days with those young pilots and those about to get out and why they were getting out.

Suffice it to say, in the interest of time, assuming everything the Senator from Alaska said was correct, everything, it still makes sense to have this amendment even if everything he said is correct. He acknowledges there is a severe problem here, and even if it is designed just to pinpoint that one problem it warrants doing what the Senator from South Carolina is attempting to do.

As I said, I will not take too much time. There is much more to say, but it will please everyone to know that I am not going to say any more.

Mr. HOLLINGS. Mr. President, I yield to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President and Members of the Senate, I am supporting this amendment because of the peculiar, intensive, overwhelming, competitive situation the Navy is up against with the airlines and others that are getting these pilots and, particularly, as it developed last year, and this crisis is still on.

I think there is a great deal of truth in what the Senator from Alaska said about a system that should be worked out, and a real solution as near as can be developed.

I add this: You are not going to get it solved as long as we just wait and let the services work out something at the last minute. It is going to take an intensive, in-depth development of the situation, and then to adopt a system that will meet the problem.

So I am supporting it under these

conditions, and I hope we can get something better.

I thank the Senator.

Mr. HOLLINGS. I thank the distinguished former chairman and now ranking member.

Mr. President, how much more time is there?

The PRESIDING OFFICER. The Senator has 2 minutes and 38 seconds.

Who seeks the floor?

Mr. STEVENS. Mr. President, I yield myself 2 minutes.

Let me call to the attention of the Senate that this amendment is for the purpose of establishing a new program for special pay for aviation career officers.

It comes to us in a way that is hard to understand. It is not the same amendment that was offered in the committee. When we dealt with it in the committee, we were able to tell what they were trying to do with it in terms of pilots and naviators. The way the Hollings amendment is drafted, it is not possible to understand it as compared to that which was previously considered in the full Appropriations Committee and the way the House handled the matter.

We have put our statement on the desk of every Member of the Senate. I hope it will be read.

I understand what the Senator from Delaware is saying. He is saying that we agree there is a problem. There is a problem for the Navy for the retention of pilots. There is less of a problem for the Navy for the retention of navigators. There is no problem in the retention of Air Force pilots. There is no problem for the retention of Air Force navigators.

Of all the services, there is only a problem in one area, and that is Navy pilots. This problem has more to do with the repeated crashes of Navy pilots and Navy planes than it does with the pay system.

When Navy aviators were interviewed, 53 percent of those who had tendered their resignation said payment of a bonus would not make any difference.

Why destroy the compensation system for pilots with a quick fix that is trying to help the Navy pilots when they are not going to remain in the service even if this bonus system is voted? I cannot understand it. It is to me impossible to understand why my friend would want to do it this way.

Would the Senator from South Carolina tell me, is this meant to cover Navy pilots?

Mr. HOLLINGS. To cover all Air Force and Navy pilots.

Mr. STEVENS. To cover Army pilots?

Mr. HOLLINGS. No.

Mr. STEVENS. Mr. President, I hope the Senate understands the way it is drawn it will cover Army pilots, because it says to cover aviation career officers and an Army pilot is an aviation career officer. If it covers Army pilots, you do not have enough money. If it does not cover them, you have to say it and you do not say it.

Mr. HOLLINGS. Mr. President, does the Senator not look at the authorization bill and realize the flexibility in that bill? It is written that way so each one of these services can address their particular problem.

Mr. STEVENS. Mr. President, I hope the Senator is using his own time.

Mr. HOLLINGS. The Senator asked me a question and when I answer it he does not give me the time.

Mr. STEVENS. The Senator answered the question.

The PRESIDING OFFICER. The time is on the Senator from Alaska. The Senator from Alaska has the floor.

Mr. STEVENS. Mr. President, it demonstrates again the problem with trying to legislate on the floor a matter that is very complex.

The way the amendment is worded, it is not limited in the authorization bill. This will, in fact, cover career aviation officers. It is poorly drafted. Under the circumstances, I have no alternative but to state that when the time has expired I will raise the point of order that the Senate.

Mr. GOLDWATER. Mr. President, will the Senator from South Carolina yield?

The Senator is mistaken when he says this is not a problem for the Air Force. The Air Force I know is 2,400 pilots short. We have as much trouble retaining pilots as the Navy has.

The Navy pilots may get out for different reasons, but in my talking—and this has been a major talking point with me for year after year after year. I guess for 20 years I have been concerned with pilots getting out of the service. They all, at the grades of captain and major, complain that the pay is not sufficient to hold them.

The PRESIDING OFFICER. Who yields time? Time is on the Senator from Alaska.

Mr. STEVENS. I am happy to yield to the Senator from Arizona, but I thought he asked the Senator from South Carolina for time. But, I am happy to have yielded to him and state to him that the Air Force gave us the figures. The figures for the Air Force are 95-percent pilot and 97-percent navigation retention; for the Navy, it is 78-percent pilot and 92-percent navigation retention.

We do have a problem of increasing the pilot training to meet the new demand for pilots in the Air Force, but it is not a problem of retention. It is a problem of increasing the numbers. With the Navy, it is a problem of resignations.

The Air Force came before us and testified they preferred an across-the-board flight pay increase. It was more fair. We recommended that. The subcommittee chairman on the authorizing committee has also recommended an across-the-board flight pay increase.

We are going to get flight pay. We are not going to get flight pay, though, if it is used up with a half a billion dollars on bonuses just to meet a Navy problem.

We should have an across-the-board flight pay increase to attract more people into flight training. And it should not only be for pilots. It should be for navigators. It should be for bombardiers. It should be for radar operators. It should be for the flying crews.

It will disrupt our flying crews to know that the pilots who opt for a bonus will get more money but the navigators will not, the radar operators will not, the crew chiefs will not, and others on the plane may not because the Hollings amendment reduces the administration's budget request. It simply will not fund the needs of the services. Someone will lose out.

I know my friend is a part of the system, and he knows flight crews as I know them. The amendment is wrong. It says to one person, "You are highly important, sign up for the bonus." And it is because the Navy's figures are 78-percent pilot retention. The Marines have 85 percent, the Air Force 95 percent in terms of pilot retention. The Air Force has said, "No, we would prefer an across-the-board flight pay increase."

A flight pay increase is the way to solve this, not the Hollings amendment. This is going to ruin our flight crews because inequities will result.

Mind you, and I hope the Senate understands this, if we adopt the Hollings amendment, it is not for 1 year, it is for a minimum of 4 years. The impact of this is at least a 4-year commitment to $535 million in a supplemental coming at us at a time that no one has had time to study the full impact of the Hollings amendment. The House crossed off for everything except pilots because they heard the testimony concerning the Navy pilots' problem. But mind my word, I have been around the flying business as long as anyone in this body, except my good friend from Arizona—and I say that advisedly—I think this is going to destroy combat flight crews in all services because it is possible that only pilots will get this bonus. And it is wrong. It should not be done. It is really going to harm our readiness if we go this way.

Listen to those of us who are trying to improve the pay system. We voted the money for increased pay. We want to vote money for increase in flight pay. We do not want a separate bonus for one person on that flight crew.

Mr. HOLLINGS. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from South Carolina has 2 minutes and 35 seconds.

Mr. HOLLINGS. And the Senator from Alaska?

The PRESIDING OFFICER. The Senator from Alaska has 2 minutes and 1 second.

Mr. HOLLINGS. Mr. President, in the 2 minutes, let us assume what the distinguished Senator from Alaska says that it only helps the Navy. I do not think that is a bad idea if we could just help the Navy. That is where the real problem is.

The Senator from Arizona is right on target. The Air Force has the problem and the Marines have the problem. It so happens that the Army is lined up with warrant officers trying to fly helicopters. We have all we want there.

But the solution is there by all the other pilots—General CANNON, General GOLDWATER, the Senator from Alaska, anyone who has ever flown—to try to

target the problem. We do not want it across the board. We want to pay out all that money just to get the ones we want to retain.

We are going exactly how the armed services found on the House side and the armed services found on the Senate side. This is the policy of the particular Congress.

So the retention program is one of a targeted program and it is intended that way. It is not just for the Navy. It is mainly for that particular group, but it is for the Air Force and the Marines as well.

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

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator from Alaska has 2 minutes and 11 seconds and the Senator from South Carolina has 1 minute and 19 seconds remaining.

Mr. STEVENS. Mr. President, let me talk a bit about money. I am sorry to see my friend from Colorado has cosponsored this amendment. I am as dedicated as he is to raising the pay of flight crews and doing everything we can.

We have a situation here where, in order to try to deal with a problem the Navy has, which is one of morale and not one of pay, we are going to put $535 million into a bonus system that is not defined in terms of the authorizing legislation. It certainly is not defined in this amendment. It applies, according to the amendment, to career aviation officers.

It is not the same amendment, really, that even the House was considering. I do not know what is going to happen when this comes to conference. How will these two bills go together?

But why should we increase this bill? This bill should not be increased the way it is being increased. In order to get the money, because of our budgetary ceiling, the Senator from South Carolina has taken it out of the operation and maintenance accounts. Of all the accounts to reduce in order to have a phony bonus system he is going to take it from O. & M. And yet we have heard testimony day after day after day after day, "We need more money for O. & M. We need more money for spares and more for parts. Otherwise, our readiness is going to deteriorate further."

To me this is just a challenge between the authorizing committee and the Appropriations Committee.

The question is whether you want us to study these things. Does the Senate want the Appropriations Committee to look at issues and determine worthy programs, what are good ways to spend our money? Are we to rubber stamp everything that comes out of the authorizing committee without thinking?

I said the Hollings cut should not be here at all, but to take it out of the O. & M. account is the worst possible place. If the amendment were subject to amendment with any debate and if I thought the amendment would carry, we would find a place where it might go. But, I hope the amendment does not carry, so I will not take the time of the Senate to amend it or find some place where we could stand this cut. Mind you, Mr. President, the Hollings amendment is taking this first year's appropriation out of O. & M. to pay this phony bonus.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the particular amounts are listed by the particular service that asked for them. I should emphasize that the administration, the pilots, the Secretary of the Air Force, the Secretary of the Navy, the Commandant of the Marine Corps, and everyone else, believes it to be critical. They have been calling around on this particular one.

They are willing to take it out of O. & M. or anywhere else they can get it right now, because they realize they are retaining experienced pilots.

It is absolutely fiscal stupidity to kill this amendment.

If you want to increase the budget, if you want to come back around the other end with across-the-board training at $1 million a pilot, you can spend billions.

Talk about waste, fraud, and abuse? The waste, fraud, and abuse is right here on the floor of the Senate with that kind of nonsensical approach.

Mr. President, I yield back the remainder of my time. The yeas and nays have been ordered.

Mr. THURMOND. Mr. President, the Senate has under consideration an amendment to provide $55.5 million for a military bonus program known as aviation officer continuation pay.

There is presently a serious shortage of Navy pilots and trends indicate these shortages may extend to Navy navigators and Air Force pilots.

The pending amendment would provide $55.5 million to the Department of Defense for use in meeting retention problems in this area.

Today we spend hundreds of thousands of dollars to train pilots and navigators. We should certainly provide enough pay incentives to insure their retention in cases where pay is the deciding factor.

Mr. President, I urge that the Senate adopt this amendment.

Mr. TOWER. Mr. President, Senator HOLLINGS has moved to restore $55.5 million to the fiscal year 1981 supplemental to implement a bonus program designed to retain aviation officers. This program, known as the aviation officer continuation pay, was authorized in the fiscal year 1981 Department of Defense Authorization Act. Thus, almost 1 year ago the Congress decided that a bonus was needed to solve a serious problem—the exodus of trained and experienced aviators from the military—but as yet, not a single dollar has been paid.

The supplemental before us today has no funds for this program. They have been deleted in committee. I cannot agree with this action. The services, particularly the Navy, are having a severe problem retaining skilled pilots. The statistics are most alarming. In the Navy, for example, pilot retention is at 38 percent and the inventory is at 78 percent of requirements. The Navy projects that by 1985 it will have only 59 percent of its pilot requirements and 78 percent for navigators. The Air Force projects that by the end of fiscal year 1982 they will be short 1,700 pilots and 800 navigators.

Mr. President, much has been said recently about whether pilots alone should receive this bonus or whether navigators should be eligible as well. We are aware that the House Appropriations Committee has chosen to pay the bonus only to pilots and not to navigators. This approach has been explained as the most cost-effective solution for the aviator retention problem which we know to be pilot retention, not navigator retention. While I agree with their assessment of the problem, Mr. President, I cannot agree with their approach. Navigators are essential members of our military aviation community and must not be excluded from eligibility for this bonus. Navigators are exposed to equal risks and share equal responsibility with pilots. I will not support an effort to make them less than equal in the law. They may be treated separately but they must be treated equally.

Mr. President, it is the intention of the Senate Armed Services Committee that this bonus be paid in a manner that will address inventory and retention shortfalls within the aviation community of each service. The committee will not support the payment of the bonus in one service where no retention problem exists just because the bonus is being paid in another service where retention problems are severe. Furthermore the committee expects that within each service if the retention level of navigators remains below the required threshold while pilot retention ceases to be a problem, then payment of the bonus to pilots would cease. The same would apply if navigator retention ceases to be a problem while pilot retention continues to be unsatisfactory.

The Secretary of Defense—to whom the discretion for payment of the bonus has been given—is expected to insure that these guidelines are followed. Future authorizations for payment of the bonus will be directly influenced by the degree to which the Secretary complies with this guidance.

I strongly urge my colleagues to support this vital effort to stem the loss of our highly skilled military aviators.

Mr. STEVENS. Mr. President, I make the point of order that the amendment touches the bill in more than one place and is therefore subject to a point of order.

Mr. HOLLINGS. Mr. President, I ask for a division.

The PRESIDING OFFICER. The Senator from South Carolina has the right to divide his amendment.

Mr. STEVENS. First, the amendment so divided violates the budget resolution and the Budget Act. It is contrary to the ceiling. It raises the outlays for this year and is subject to a point of order.

Mr. TOWER. Mr. President, I suggest——

Mr. HOLLINGS. Mr. President, if need be, we will put it in section 920. I learned that from budget resolutions. Do not

worry about violating the budget resolution.

The PRESIDING OFFICER. The pending question is division 1 of the amendment.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The Chair, in its discretion, will entertain debate on the point of order. The point of order based on the Budget Act is well founded.

Mr. STEVENS. Mr. President, what is the time limit?

The PRESIDING OFFICER. The Chair will exercise its discretion to allow sufficient information to be brought forward to rule on the point of order.

Mr. HOLLINGS. Mr. President, on ruling on the point of order, can I be recognized?

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, we know this is more than sufficient on a budgetary matter. The difference in the matter is the Senator from Alaska will remember in that we had $123 million in what we call the defense stock fund. We debated this in the Appropriations Committee and we took it out of there. But then thereafter the Appropriations Committee thought it wise to zero that particular fund out.

Knowing that we wanted an offset, we went back to the services and asked if it was critical enough. They said yes, that it was critical enough, and we would take it out of what they call nonfuel cost. It could come out of O. & M. or other parts. We knew it is coming out of several parts of the budget. That is how the amendment is drawn. There is no use for the Senator, like Plato, to make his own little laws and sit attentive to his own applause.

If the Senator does make the point of order, we know it is in the budget. He is the one who makes the point to cause a division that technically it could be out. I would say technically it is well within the budget. The cumulative amount is, and, therefore, the individual parts are.

We do not have a point of order on the budget because they only have the guiding amounts at this particular time on 1982. We do not have the final resolution.

We agreed with the leadership, of which the Senator from Alaska is a member, that we could then bring the resolution over from the House, which has already adopted the resolution.

Then there would be none of this out of order. There would not be any question at all.

We take the suggestions of the leadership in order to facilitate legislation and do it their way, then they raise the point of order for trying to do it their way.

I respectfully submit it is well within the budget both, parliamentarily, fiscally, and morally, because we went along with the leadership suggestion. It is in order.

Mr. STEVENS. Mr. President, is there time on the other side?

The PRESIDING OFFICER. The Chair will state that the time is now at the discretion of the Chair. The point of order was raised subject to the Budget Act. The Chair will allow as much time as the Chair needs to hear a discussion on this subject.

The Chair has allowed the Senator from South Carolina 3 minutes and will allow the Senator from Alaska 3 minutes. If more time is needed in the discretion the Chair, the Chair will so rule.

The Senator from Alaska.

Mr. STEVENS. Mr. President, the amendment in particular deals with adding an entirely new concept to the bill in the amount of $55.5 million.

What the Senator from South Carolina wanted to do could have been done by striking the bill in one place if he wanted to do it that way. Since it has now been divided, we are dealing with one amendment at a time. That amendment is to add $55.5 million for an entirely new special pay for aviation career officers, extending a period of active duty, and for that special pay there is $55.5 million.

That is an increase in the outlays which would violate the Budget Act immediately and, by definition, is supposed to. That is the whole issue.

We say it should not be done. It is contrary to the Budget Act to exceed the outlays. The budget resolution has not been passed. This is subject to a point of order.

I might say, Mr. President, I urged my friend to consider this tomorrow after the budget has been brought up. I urged him to try to figure out a way that we might consider this. I pointed out to him it would be in conference, as would all the amendments that the Armed Services Committee will raise.

There is no real reason to take the Senate's time. The Budget Act is there, and this will violate the Budget Act. I believe the Chair should rule that it is contrary to the Budget Act and the Chair should rule on this point of order.

The PRESIDING OFFICER. The side represented by the Senator from Alaska has a minute and a half remaining.

Mr. STEVENS. Mr. President, I yield that time to the chairman of the Budget Committee. I have not discussed it with him. He seeks the floor and he should have an opportunity to speak.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, we are in a very peculiar position.

I believe the Senator from Alaska is correct, technically, I say to my good friend from Alaska.

Mr. HOLLINGS. How could he be in raising that point of order?

Mr. DOMENICI. Let me say where I think we are. The entire bill was subject to a point of order.

Mr. HOLLINGS. If we are going to start raising a point of order, I will advise my friend I will have to raise points of order also.

Mr. DOMENICI. That could be done, but that obviously would not be ruled in his favor because, as I indicated to the Senator before the bill was taken up I proposed a waiver for the bill and for the dollars contained therein. That was voted on by the Senate. So the bill pending before us has a waiver.

The reason I did it, as the Senator well knows, is because this bill is well within the marks in the conference report, which is awaiting adoption by this body after this amendment. But as of now, technically we have the mark from the second resolution before us, waived only as to the appropriation bill that is before us.

Mr. President, when you divide, you add $89 million.

The PRESIDING OFFICER. The time granted by the Chair has expired. The Chair will grant 1 additional minute to either side.

The Senator from New Mexico is recognized.

Mr. HOLLINGS. Mr. President, I did not want to lead the way on the budget. The distinguished chairman has already waived it and said he wanted a vote. What we will do is waive it here and get a vote on this and consider each one of the particular provisions if the Chair so rules. I do not mind doing it. I was trying to maintain the character of the leadership with the Senator from Alaska, and maintain the budget with the Senator from New Mexico.

Mr. DOMENICI. Will the Senator give me 30 seconds?

Mr. HOLLINGS. Yes.

The PRESIDING OFFICER. The Senator from New Mexico has a minute to present his point. The Senator from South Carolina has 15 seconds left.

Mr. DOMENICI. Mr. President, I hope the Senator is not serious in that categorization. I am very interested in preserving the integrity of the budget. I conferred with the Senator before I waived as to this bill only because it is significantly under what the House and Senate conferees have agreed upon.

Mr. HOLLINGS. And this amount would be significantly under.

Mr. DOMENICI. This amount would be under, but what we risk, if I waived generally for this debate, is who is next with an amendment that says it will fit.

Mr. HOLLINGS. When you go past that particular limit, that is the time. But the Senator is saying it is under. It does not need a waiver. But he is saying that later on, it might; so, as a matter of policy, he does not want to waive right here.

Mr. DOMENICI. No, that is not correct. The Senator well knows that $3.2 billion in budget authority and $600 million that are under in this bill—this bill pending——

Mr. HOLLINGS. Right.

Mr. DOMENICI. We still have food stamps, which the Senator knows have to come down. We still have an ADAP thing that has to come down and they still have to go to——

Mr. HOLLINGS. The Senator is talking in futuro. I am talking now. This is in the budget, he says.

Mr. DOMENICI. It is not unless he wants to waive it.

Mr. HOLLINGS. Why is it not, Mr. President? He just said it is within that $600 million.

The PRESIDING OFFICER. The time that the Chair, in his discretion, gave to the Senator from New Mexico has expired. The Senator from South Carolina

has 15 seconds. At the end of that 15 seconds, the Chair will rule on the point of order raised by the Senator from Alaska.

Mr. HOLLINGS. Mr. President, I hope the Senator from Alaska will withdraw his point of order. He is just causing confusion and he knows it. Let him go on the merits of the thing. It is all within the authorization bill, Mr. President. It is all within the administration's policy.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. STEVENS. Mr. President, did the Senator say I have more time?

The PRESIDING OFFICER. The Senator's time is consumed. He used his time, then an additional minute was given to the Senator from New Mexico.

The Chair will now rule unless there is a request for waiver.

Mr. DOMENICI and Mr. TOWER addressed the chair.

Mr. HOLLINGS. I will move a waiver.

Mr. TOWER. Mr. President, I move that under section 904 of the Budget Act—I move to waive any provision of titles 3 or 4 of that act which creates a point of order against the pending amendment.

Mr. STEVENS. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEVENS. Is there a time limit on that motion under the agreement?

The PRESIDING OFFICER. Under the circumstances of the present moment, the motion is not debatable. The question is on agreeing to the motion.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, for purposes of conferring with the Senators, I ask unanimous consent that I have 1 minute.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Then I am going to ask for a quorum call.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask the Senator from Alaska not to put us to this. It is obvious that they are going to get a vote one way or another; as a matter of fact, if we waited the night out and prevailed on a point of order, a waiver not being granted—and I think the Senate should not grant it—then as soon as we pass the budget resolution tonight, I say to my good friend, obviously, they can find some time between now and the time we finish this bill to offer this amendment.

The Senator has made a substantive argument. I think many think he should prevail. But I urge him, in deference to the budget process, to handle the waivers in an orderly manner.

Every waiver heretofore has been handled with full understanding of the Budget Committee or its leaders. The chairman and ranking member having analyzed it and, being here on the floor, I say again to the Senator, I conferred with the Senator from South Carolina prior to doing it. Perhaps he does not remember, but I think he does, that I was going to waive as to the bill.

I do not think we ought to do it this way. Mr. President, I urge the Senator not to.

The PRESIDING OFFICER. The time has expired.

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

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask that the Chair exercise its discretion and let me respond to one item. Then I shall see what the Senate wants to do.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, my problem is that I do not want to stretch the Budget Act. I foresee this will happen and I do not want even to set the precedent that a waiver should be made. In fact, I think the act ought to be amended to state that only the chairman, acting in behalf of the committee, can seek a waiver of the Budget Act. It bothers me that we have gotten into this process.

It also bothers me that the assertions can be made that have been made here. I only wish there were some way I could draw the Senate's attention to the inaccuracies of the amendment. I am not being obnoxious to my friend who drew the amendment. But it is not in proper form. As such, it is difficult to get to with a point of order that does not lead to a position where I am right now.

The amendment should have dealt with the question of flight pay and should have taken offsetting money from the same function. Instead, it goes to O. & M. I cannot amend that O. & M., as I understand it.

I ask the Chair: If I offer an amendment to the provisions that reduce the O. & M. account in order to provide for this bonus, do I have any time to debate that amendment?

The PRESIDING OFFICER. There is no time to debate that amendment.

Mr. STEVENS. Mr. President, I think we are all going to have to rely on the good sense of the Senate to turn down this amendment.

I withdraw the point of order.

The PRESIDING OFFICER. Without objection, both points of order are withdrawn.

Mr. HOLLINGS. Mr. President, are we going to have four votes on four parts of the question?

Mr. STEVENS. No, Mr. President, I withdraw that point of order.

Mr. HOLLINGS. I withdraw my request for a division.

The PRESIDING OFFICER. Without objection, both points of order are withdrawn as well as the demand for a division.

The question is on agreeing to the amendment. The yeas and nays have been ordered.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the parliamentary inquiry.

Mr. DOMENICI. We have pending a motion by the distinguished Senator from Texas seeking a waiver under the Budget Act. Am I correct that that is no longer operative or needed?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that 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 Texas (Mr. BENTSEN), the Senator from Connecticut (Mr. DODD), and the Senator from Louisiana (Mr. LONG), are necessarily absent.

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

The result was announced—yeas 79, nays 16, as follows:

[Rollcall Vote No. 124 Leg.]

YEAS—79

Armstrong	Garn	Moynihan
Baucus	Glenn	Nickles
Biden	Goldwater	Nunn
Boren	Grassley	Pell
Boschwitz	Hart	Percy
Bradley	Hatch	Proxmire
Bumpers	Hawkins	Pryor
Burdick	Hayakawa	Quayle
Byrd, Harry F., Jr.	Heflin	Randolph
Byrd, Robert C.	Heinz	Riegle
Cannon	Helms	Roth
Chafee	Hollings	Sarbanes
Chiles	Huddleston	Sasser
Cochran	Humphrey	Simpson
Cohen	Inouye	Specter
Cranston	Jackson	Stafford
D'Amato	Jepsen	Stennis
Danforth	Johnston	Symms
DeConcini	Kassebaum	Thurmond
Denton	Kennedy	Tower
Dixon	Laxalt	Tsongas
Durenberger	Leahy	Wallop
Eagleton	Levin	Warner
East	Lugar	Weicker
Exon	Matsunaga	Williams
Ford	Melcher	Zorinsky
	Mitchell	

NAYS—16

Abdnor	Hatfield	Packwood
Andrews	Kasten	Rudman
Baker	Mattingly	Schmitt
Dole	McClure	Stevens
Domenici	Metzenbaum	
Gorton	Murkowski	

NOT VOTING—5

Bentsen	Long	Pressler
Dodd	Mathias	

So the amendment by Mr. HOLLINGS (UP No. 114) was agreed to

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. Mr. President, 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 the Senate, the Senator from Texas is recognized.

UP AMENDMENT NO. 115

(Purpose: To provide funds for advanced procurement and research and development for the reactivation of two battleships)

Mr. TOWER. Mr. President, I call up

my amendment at the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Texas (Mr. TOWER) for himself and Mr. THURMOND proposes an unprinted amendment numbered 115.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum and I ask unanimous consent that it not be charged to either side.

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

The PRESIDING OFFICER (Mr. ANDREWS). Without objection, it is so ordered.

The amendment is as follows:

On page 27, line 20, strike out "$146,400,000" and insert in lieu thereof "$132,400,000".

On page 28, line 3, strike out "$237,800,000" and insert in lieu thereof "$263,200,000".

On page 28, strike out lines 6 through 16 and insert in lieu thereof the following: "$21,800,000 for the LSD-41 program; $89,000,000 for advance procurement for the reactivation of the battleship U.S.S. *New Jersey*, to remain available for obligation until September 30, 1985.".

On page 30, line 5, insert "of which $2,000,000 is for research and development in connection with the reactivation of the battleship U.S.S. *New Jersey* and $1,000,000 is for research and development in connection with the reactivation of the battleship U.S.S. *Iowa*," after "$211,407,000,".

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. No, Mr. President, if we do that, then let us charge it equally to both sides. I ask unanimous consent that the time be charged equally against both sides.

Mr. TOWER. I withdraw my suggestion.

The PRESIDING OFFICER. Is there objection to the request of the majority leader?

Mr. STEVENS. I object.

The PRESIDING OFFICER. Objection is heard. The Senator from Texas has the floor.

Mr. TOWER. Mr. President, it is my understanding that there is 1 hour allotted to this amendment equally divided between the proposer and the distinguished chairman of the Appropriations Committee.

The PRESIDING OFFICER. The Senator from Texas is advised that the time allotted is an hour-and-a-half for this amendment.

Mr. TOWER. An hour-and-a-half; 45 minutes to a side; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. TOWER. Mr. President, I might say that I am going to launch into my opening remarks here, but if the majority leader wants to shop around for a reduced time agreement I am perfectly prepared to accept it.

Mr. BAKER. Mr. President, I ask unanimous consent that the time for consideration of this amendment be reduced to 1 hour equally divided.

Mr. CHAFEE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. TOWER. Mr. President, the amendment at the desk provides for the restoration of funds removed from the bill but requested by the administration to reactivate and modernize the battleship *New Jersey*.

This amendment adds $25.4 million for Navy shipbuilding for a total of $263.2 million and identifies $89 million to be used for reactivation of the battleship, *New Jersey*, while deleting instructions that $9.8 million additional be provided for the SSN-688 program and that $53.8 million additional be provided for the FFG-7 program, which are amounts over and above that requested by the administration.

Additionally, the amendment reduces funds for naval aircraft procurement by $14 million, providing $84.7 million for inflation above the administration's request, vice the $98.7 million recommended by the Appropriations Committee.

Taking into account the previously adopted amendment on aviation bonus, the net budgetary impact of this amendment will be to decrease overall budget authority for defense by $0.1 million and decrease outlays by $1 million.

In the fiscal year 1981 supplementary budget, the administration requested $89 million for advance procurement, plus $3 million in R.D.T. & E. for the *New Jersey*. The total request for both fiscal year 1981 and fiscal year 1982 is $326 million in procurement. The reactivation would require 6 months of planning and 15 months of industrial effort to complete.

When finished, this ship would provide the Nation with an exceptionally cost-effective offensive naval combatant that would combine the most powerful elements of its original configuration with many of the most powerful weapons in the modern inventory: Tomahawk and Harpoon cruise missiles; up-to-date defensive rapid-fire automatic weapons; and new communications, electronic warfare, and air search equipment.

Unfortunately, while the administration's request for this ship has been approved in the Senate and House version of the authorization bill and in the House version of the accompanying appropriations bill, it is currently absent from the Senate version of the appropriations bill.

By proposing this amendment, we seek to support the administration's request and their priorities and restore the funds for this essential warfare system.

Mr. President, we have been through all this debate before, and I would have thought that by now everyone in the Senate would be fully aware of all the facts involved and would be fully supportive of this administration initiative.

But from the very fact of our presence here today, that is obviously a bit naive. So, for the sake of clarity and repetition, let me cover some of the factors that surround this issue and, some of the qualities and capabilities that this ship would provide to the Navy.

First, let me cover the record of the Congress as it pertains to the battleships in general and to the *New Jersey* in particular. Last year an initiative to reactivate *New Jersey* was put forth by the Senate. In a vote on an amendment by the distinguished Senator from Arkansas the Senate supported the battleship in spite of a lack of support from the Carter administration. In a vote on an amendment during the appropriations process the Senate reversed itself, supported the Carter position, and the battleship initiative was defeated.

Mr. HATFIELD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator may proceed.

Mr. TOWER. This year, however, the situation has changed in one important way: The proposal to reactivate the *New Jersey* is an administration initiative. Consequently, a request for funds was made in both the 1981 supplemental bill and in the 1982 bill, and has been approved in both authorization bills. In an apparent attempt to repeat the actions of last year, an amendment was again offered to the 1981 supplemental authorization to prohibit the use of the money to reactivate the battleship, but it was defeated by a much greater margin than last year.

The defeat was apparently significant enough that no battleship amendments were offered when the 1982 authorization bill was on the floor. Moreover, the battleship has been included in both the 1981 supplemental authorization and the appropriation bill in the House.

Mr. BUMPERS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Members of the Senate who wish to talk, please retire to the cloakrooms and the staff will please retire from the floor.

The Senator from Texas.

Mr. TOWER. In spite of this record of success, we again find ourselves here on the floor defending an administration initiative that is so cost-effective, especially in relation to many of the alternatives available, and will provide the Navy and the Nation with a tremendous increase in capability in the near-term. It is my hope that the Senate will support this important initiative and vote to amend this bill and restore these funds for the reactivation of *New Jersey*.

Mr. President, there are a number of cosponsors on this amendment, and many of them and others want to rise and speak in behalf of it. Before I yield, however, let me cover three of the issues that often come up on the battleship: The ship's cost, its age, and its capabilities.

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

Mr. TOWER. I yield to the majority leader.

Mr. BAKER. Mr. President, I have discussed this matter with a number of Senators now and I renew my request that the time for debate on this amendment be reduced to 1 hour equally divided, and I give assurance to both sides

of the issue that if there is need for more time I shall apply for it and and it will be granted.

I ask unanimous consent that the time now on this amendment be reduced to 1 hour in the aggregate and to be equally divided.

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

Mr. TOWER. First, the cost of this reactivation is still listed as a class "F" estimate because it has not yet met all the bureaucratic requirements necessary to raise it to a class "C" estimate. We know, however, that it is far better than a class "F" estimate for at least two reasons.

One, the *New Jersey* has been reactivated once before in the past 15 years. The typical problems have been identified, documented work experience is available, and many of the people who performed the work are returning to do it again.

Two, roughly 60 percent of the cost estimate is for the procurement of existing weapons systems and other equipment for which accurate costs are known.

Additionally and more specifically, Secretary Lehman, after consulting with his experts, has not only reiterated the need for this ship, but he also committed himself and his service to reactivate *New Jersey* and modernize it at, and no higher than, the $326 million in procurement, plus $3 million in R.D.T. & E., that has been estimated. As you saw in our "Dear Colleague" letter, he was convinced enough to commit to that estimate in a letter to me, as he did earlier this year in a similar letter to the distinguished Senator from Maine, the chairman of the Sea Power and Force Projection Subcommittee.

A second argument has been the issue of the age of the *New Jersey*. While the ship has many years of "age," it has very few years of "service life." It is the latter that is critical, and by that more realistic criteria, these ships are young.

"Age" counts the number of years since a ship was built; "service life" counts the years a ship was actually used.

Modern methods of ship preservation and the unique compactness and construction quality of the battleships combine to produce a condition where they have aged little, if at all, in terms of their "service life."

Consequently, *New Jersey*, the "oldest" of the class has only 13.7 years of service life, while the average for all 4 is only 10.7 years. By comparison, the fleet-wide average for service life is almost 15 years.

A third major argument has been the capability of these ships. When the combat capabilities of the *New Jersey* are compared with the combat capabilities of a recently-built cruiser, as we illustrated in a point paper attached to our letter, it becomes apparent that the reactivation of this ship makes eminent good sense, especially in view of the relative costs and construction times involved.

I will not go through the entire list, but let me just mention a few items:

The battleship is about six times as big as the *Virginia*-class guided missile cruiser;

The battleship will carry 48 cruise missiles compared with the 8–18 on the cruiser;

The cruiser has little or no armor and aluminum topsides;

The battleship has nine 16-inch guns, as well as her 5-inch guns; the cruiser has only her two 5-inch guns;

The battleship will cost a total of $326 million in procurement, while to replace the cruiser would cost somewhere in the neighborhood of $1,200 to $1,600 million.

Finally, the *New Jersey* will take a total of 21 months to reactivate, while the construction of the cruiser would take some 5 years.

Mr. President, I have gone on long enough in defense of what I feel is not only a good administration request, but a sensible one. Before I yield to my colleagues, let me reiterate that with increased American commitments and ties around the globe and few friendly or secure land bases in most parts of that globe, a tremendous need exists for the Navy to increase the size and capability of the fleet to more rapidly meet these additional requirements.

The reactivation of *New Jersey* offers us the opportunity to gain an exceptionally cost-effective, capable, survivable, and flexbile offensive platform that can be ready very soon at a very reasonable total cost. I feel very strongly that we must honor the administration's desires in this case and seize that opportunity.

We have heard a lot of complaints about defense systems; about them being gold-plated and costing too much. Here is a highly survivable vessel which can operate with the fleet at appropriate speeds and, I think, is a very cost-effective way for the Navy to invest its money.

At a time when we have commitments that require our Navy to defend our vital interests abroad; commitments that stretch our naval resources thin——

The PRESIDING OFFICER. Will the Senator defer. The Senate is not in order. Those wishing to talk please retire to the cloakrooms. The Senator from Texas is addressing a very important issue and deserves to be heard.

Mr. BUMPERS. Mr. President, I suggest that we not resume debate until we have order.

The PRESIDING OFFICER. That is what the Chair is trying to do.

Mr. TOWER. Mr. President, I understand that I have the floor.

The PRESIDING OFFICER. The Senator has the floor. If Senators will retire to the cloakroom, a few more will retire from the floor, the Senator will be heard. The Senator from Texas.

Mr. TOWER. Mr. President, as I said earlier, the Department of Defense strongly favors this amendment, and that is actually a result of a congressional initiative undertaken last year by members of the Committee on Armed Services and endorsed by the U.S. Senate.

It is indeed a cost-effective program that I believe will give us an enormous bang for the buck.

Moreover, the budgetary impact of this amendment will not be adverse because we have found proper offsets for it, as I noted earlier. It is my hope that the Senate will adopt this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I yield 3 minutes to the Senator from South Carolina (Mr. THURMOND).

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise in support of this amendment. For several years I have been working to get the *New Jersey* reactivated. The Navy is desperately short of ships. We have about 450 and we need 500 to 600, and the *New Jersey* can be reactivated in 21 months.

The cost is attractive, one-fifth the cost of a new ship, $326 million compared with $1.5 billion for a new ship.

The *New Jersey* adds significant capability to the fleet. I just want to mention a few things. It can provide a cruise missile platform that can handle 32 Tomahawk and 16 Harpoon missiles. It has heavy firepower, 16-inch guns for land forces; it is a potential flagship for the Rapid Deployment Force; it can maintain a presence with Third World countries; it can fill in for carriers when they are drawn down; and it can refuel other ships, including our escorts.

The *New Jersey* is a fast ship—35 knots. It is more survivable and has the greatest endurance of any non-nuclear ship in the fleet.

The manpower issue I do not think should be any trouble. The military pay raises have increased enlistments and retentions. There is high interest among Navy men—over 300 *New Jersey* volunteers. Think about that. Three hundred people have volunteered to go on this ship if it is taken out of mothballs and put in operation.

Adm. Harry Train, the commander of the Atlantic fleet, will guarantee the crew, he said, which is 1,500 persons.

The skill levels for the *New Jersey* are low and this eases the manpower problem.

Mr. President, this amendment is supported by defense officials at all levels. Admiral Hayward, the Chief of Naval Operations, testified last year in favor of it. General Barrow, the Commandant of the Marine Corps, is in favor of it. The Honorable John Lehman, the Navy Secretary, is in favor of it. Hon. Caspar Weinberger, the Secretary of Defense, is in favor of it. And it was approved last year by the House and Senate authorization committees: that is, both the House Armed Services Committee and the Senate Armed Services Committee.

Mr. President, we need ships. This is a chance to get a ship at one-fifth of the cost of a new one. They tell us it is a better ship than you can get built today and at a cost of about one-fifth of a new ship and they can do it in 18 to 21 months, where it will take about 6 years to build a new one. I hope this amendment will pass.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I yield 3 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, the simple fact of the matter is that the United States lags behind the Soviet Union in seapower. This amendment is absolutely necessary if we are to match, let alone regain, our historic lead in that area.

We have got to keep our sealanes open for resupply of allies. We have to protect the vital interests of the United States in such areas as the Persian Gulf and elsewhere around the world.

The facts are, in my judgment, that the reactivation of the *New Jersey* is the cheapest and quickest way to add much-needed firepower and flexibility to our naval forces.

The *New Jersey* could be brought into service in less than 2 years and at less than the cost of a frigate. To build a comparable combatant would take 5 to 7 years and cost as much as $3 billion.

The *New Jersey*, with its 16-inch armor, would be a much superior ship in the way of survivability, superior to almost any other ship in the world.

I understand some people have been critical of this plan because of the potential cost overruns. Well, Mr. President, let me say that the Navy has a proven record of performance on reactivating battleships. The *New Jersey*, itself, was reactivated in 1967 for $21 million. That was 12.5 percent below estimate. And it was done in less than 1 year. I am proud to say that it was the Philadelphia Naval Yard in Pennsylvania that delivered this ship so fast and so far under budget.

As to effectiveness, in spite of its great size and firepower, the *New Jersey* can move as fast as any major warship on the ocean, in fact it is as fast as the *Nimitz* aircraft carrier or the *Kirov*, the Soviet Union's newest battle cruiser.

Its 16-inch guns will provide excellent support for the Marines, and many targets in the Persian Gulf on both land and sea, will be within range of its guns.

In terms of weaponry, the *New Jersey* will be updated with some of the most modern weapons now available: The Tomahawk and Harpoon cruise missiles, the Phalanx close-in weapon system, modern electronic warfare and radar equipment, and modern communications technology, all state-of-the-art systems.

Some people have complained about the manpower needs. Well, Mr. President, the manpower needs for the *New Jersey* are 1,500 men. That represents less than three-tenths of 1 percent of naval personnel. Some argue that existing naval personnel should be assigned to newer and more effective ships, but the fact remains that those so-called newer and more effective ships will take 5 to 7 years to build. While it is certainly true that we can save on manpower if we do not reactivate the *New Jersey*, we do so at the expense of an adequate naval presence. Our Chief of Naval Operations has told us repeatedly that the U.S. Navy is today stretched too thin to meet our defense needs.

The *New Jersey*'s reactivation, Mr. President, will put these men to their most effective use in the shortest amount of time. I urge the Senate to adopt this amendment.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I yield to my good friend from Arizona (Mr. GOLDWATER) at this time.

Mr. GOLDWATER. Mr. President, it is not easy for me, as a member of the Armed Services Committee, to stand against my chairman and other members of the committee who I know are interested in this battleship. But I have never voted for it and I have reasons.

I do not see any sense in spending as much money as we want to spend to revitalize a ship that is ancient at the present time.

Now, it is true that it is fast and it is true that it has 16-inch guns and it is probably true they can put some other weapons on it to do some of the things they say it will do. But, Mr. President, it is a bigger target. And with the modern weapons available to the Soviets, I would not give that battleship a chance of survivability of more than 20 or 30 minutes in hostilities.

It is great to say that it has a 16-inch gun and it is good to stand offshore and bombard for a landing. But let me remind my colleagues that we are terribly short of landing craft. In fact, I am not allowed to use the figures, but we could not land enough Marines to probably take Coney Island. So what we need, instead of a great big battleship that can shoot the hell out of things, are faster, smaller ships with modern firepower and modern techniques aboard that will enable them to compete with the Soviet Navy.

The Soviet Navy is not sailing around in old battleships that fought in World War II. They are sailing around in new modern cruisers, new modern fast ships that can outmaneuver that big ship any day in the week.

I do not see any sense in spending the hundreds of millions of dollars that we would ultimately spend on it to make probably the most opportune target that the Soviets could be offered.

It is true that the Soviets are ahead of us. They have been ahead of us now for several years. Nobody would listen to those of us who have been talking about it.

But the way to catch them is not through reviving old battleships. That would be like trying to revitalize the Army by digging up old General Custer. I cannot see any sense in that, either.

So, Mr. President, I am going to vote against this battleship. Even though I love to watch them sail through the water, I do not like to see them go down, and that is where this one would go in a big, fat hurry. So I want to support my friend from Alaska on closing this particular expenditure.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, I am pleased to have that statement from the Senator from Arizona.

Let me call the attention of the Senate, though I wish there was some way we could get the news to all of them, that, in order to refloat an old battleship, this amendment proposes to reduce new aircraft and proposes to reduce the funding for a new ship in order to finance the first of four old vessels to be refloated. Four battleships is the goal.

In order to do it, this amendment reduces money for aircraft and a new ship which our subcommittee thought ought to be financed.

I would like the chairman of the Armed Services Committee to answer one very serious question: What do we do about the record of this battleship? We have had very little time. The position we took when we took this item out in the subcommittee and in the full committee was that we had not had enough time to study to know whether it was right or wrong. It was in the original 1981 budget when it left the Senate for the fiscal year for defense appropriations. It was dropped in the conference.

We took the position that it should not come back at us in the supplemental unless something had changed, unless there was some new information that would justify its reconsideration in the same fiscal year. It is, incidentally, in the 1982 budget and we will get to it.

We had the Defense Subcommittee look into it, to try to get details. I have found out that there is a 1969 report that was made when this battleship was deactivated. It still is at Bremerton; we have been unable to look at it. To my knowledge, no one has seen it. I would like to ask if the Senator from Texas has seen it. I do not think he has because the Navy says it has not even been in Washington.

We do not know what it is really going to cost.

When this was first brought up in 1980, it was going to cost $270 million, by the fall of 1980 it was $294 million. Now it is before us at $326 million for the *New Jersey*.

When I asked Admiral Hayward what classification this reactivation cost was, he told me it was a class F. That is not even a guesstimate. That is the worst level of estimate that the Navy can provide. There has never been a study as to what it is going to cost.

And it is not just one battleship but it is three.

If this money goes in now we are committing ourselves to a program of four battleships, of well over $1 billion, when we would like to commit ourselves to new vessels.

I say advisedly that the Armed Services Committee is forcing some of us who want to support new and better equipment for the military into positions where we are opposed to what they are doing because of the fact that it has been done in a hurry.

We are told we have to support this because the administration supports it. And yet when the administration supported the Patriot missile, the Armed Services Committee deleted it.

The administration supported the *Oriskany*, but the Armed Services Committee deleted it.

We do not take a position in opposition to these battleships. We just want to know what it is going to cost.

This morning, my good friend from New Hampshire made a statement I wish

every Senator would read. He talked about the fragile support for the increased appropriations for defense at a time when we are cutting every single other program in Government. That is a fragile support.

We are not going to have the support for the increased defense expenditures that we need if we make commitments to items such as these battleships before we know what they are going to cost. We are not going to have the commitment we need for increased defense expenditures if we continue to make decisions like we just made, which I predict will disrupt combat crews. Enlisted men will not get any bonuses, but officers get bonuses. That decision is going to haunt us.

I ask the Senate not to make another decision that will haunt us.

I have not made up my mind about the battleships. I want some facts.

Why was it in 1977 we get a report classified confidential concerning the battleships? Why was it that that was classified? There is nothing in it that I know is classified, except that it points out that manning is a very difficult problem. My friends say, "No, it does not make any difference." But there is the memo that went to the Secretary: "Manning is a difficult obstacle to overcome * * * There is a risk we will not be able to man the battleships, but we have 18 months, while work on the ship is underway, to solve the manpower problem."

We think it ought to be solved beforehand, Mr. President. We think we ought to know where this manpower is coming from.

Beyond that, I think the Senate ought to just listen to this item in the memo:

> A single battleship if home ported overseas would be worthwhile having. Bringing back three allows more flexibility and makes more sense. Also, a single battleship, however well justified, may look like a gimmick, while three battleships will look like a plan.

I am not interested in it looking like a plan. We want a defense system. We want one that will work. I want to support every dollar we can get for defense, but to put it into the positions where it will make sense and will work.

This will not work.

We ought to have more money for defense, and we are going to get more money for defense, if we can keep the credibility of what we do.

I do not understand when we challenge the timing of an expenditure and ask for more information—and I say to the Senate we have asked for that report from Bremerton to come in here so we can look at it, what was said when it was deactivated as to the deficiencies that would have to be corrected in activation—does it not make the Senate wonder why it did not come in here? Why did it not come in in 1980? Why did it not come in at this time when they ask for this money again?

I say give us the time to look at these items so we can recommend to the Senate the moneys that will be worthwhile and spent to achieve defense goals and not just genuflect at the request because some admirals want a battleship under their feet.

Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Apparently the Senator is proceeding on the assumption that the Armed Services Committee has bought a pig in a poke, and that we did not scrutinize it closely.

In fact, to repeat, this was a congressional initiative put forth last year by this Congress. It is not an idea that originated with the current administration. But, it has been requested and endorsed by the administration, and in effect, it has already been endorsed twice by the Senate this year in a vote on the fiscal year 1981 supplemental authorization bill and in the fiscal year 1982 authorization bill.

The Senator from Alaska, however, makes an extremely valid point on defense spending. People are going to question defense spending because we are reducing spending in other areas while we are simultaneously increasing defense spending. I think the Senator from Alaska is absolutely right, that we are going to have to justify what we do. That is one reason why we are recommending the reactivation of a perfectly serviceable hull that, when modernized, gives us a great deal of flexibility with the combination of its original and its planned modern weapons systems. This ship will cost us only one-third the price of a new guided missile cruiser and will have more offensive firepower and capability. We are saving the people money. This reactivation is cost-effective, and it is eminently justifiable.

Much has been made about the cost estimates on this reactivation. Let me read a portion of a letter from the Secretary of the Navy:

> Our estimate of the total cost of reactivation and modernization the U.S.S. *New Jersey* is $323 million ship construction and $3 million RDT&E. We are requesting $89 million ship construction, $3 million R&D in FY 81 and the remainder of the funds in FY 82.

Listen to this, Mr. President.

> We are so confident in this cost estimate. The basis for this confidence is as follows: The known condition of the ship, excellent; known cost of modernization of weapons systems, which is more than a third of the cost and, by the way, they are off-the-shelf items, proven systems, and the experience gained from the last reactivation. We are so confident of this estimate—

Here is what the Secretary of the Navy says—

> that I will commit to reactivation and modernization of the *New Jersey* at a west coast shipyard for a top price of $326 million SCN and $3 million R. & D. I will assign a top priority for this effort in execution. I am firmly committed to this effort and need your continued support.

That is signed by the Secretary of the Navy.

Mr. President, our naval resources are spread very thinly. Here we can reactivate a survivable ship with a 12-inch armored hull. Indeed, it is more survivable than modern ships. Moreover, the *New Jersey* has only 13 years of service life on it which is 1 to 2 years below the average service life of the current active Navy ship inventory. I think we should take advantage of the opportunity to beef up our naval power in a relatively short period of time at a fraction of the cost it would take to build systems that are not even in the ball park, capability-wise, with the *New Jersey*.

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. The Senator from Arkansas requested time. How much time does the Senator desire?

Mr. BUMPERS. Ten minutes.

Mr. STEVENS. How much time have we remaining?

The PRESIDING OFFICER. The Senator has 19 minutes remaining.

The Senator from Arkansas.

Mr. BUMPERS. I agree with the Senator from Alaska in everything he said about the cost. We have been debating this battleship now for 2 years and we are still operating on what the Senator has aptly described as a class F estimate, which is to say, in effect, "We haven't the foggiest notion of what the final cost of this ship is going to be."

He pointed out it was $270 million early last year, $294 million last fall, and now it is $326 million. I will stake my seat in the Senate that it will cost a minimum of $500 million and possibly $1 billion.

What do you get for this money? Not a ship like the *Virginia*-class cruiser with a 35-year life expectancy. This ship in April 1983 will be 40 years old. If we vote the money today, that ship will not be in our Navy and deployed because it will not be finished on time and it will still be 40 years old with a 15-year life expectancy. You can buy a *Virginia* class cruiser and you can ask any Navy man whether he would rather have a new *Aegis* or *Virginia* class cruiser, or this battleship and see what kind of an answer you get.

Mr. President, the people in this body who are interested in a strong defense, who want to spend this money, ought to bear in mind that the people's patience is going to wear thin when they see us buying another Union Station. And the cost of Union Station may very well turn out to be peanuts compared to what we have done when we embark on this project of bringing out rusty buckets to scare the Soviets They are not going to be frightened, Mr. President. They are going to see that it is the wrong signal.

Talk about manpower. Here is what the manpower requirements will be: 1,500 or more men to man the ship and an alternate crew of 1,500 men. If you say, well, we do not want an alternate crew, plan on that ship being in port 40 percent of the time, where it will do nobody any good. Plan on another 1,000 men to keep it supported and you are talking about 4,000 men.

Mr. President, everybody says a *Virginia*-class cruiser is comparable. It takes 500 men—one-third the manpower to man a *Virginia*-class cruiser than it is going to take to man this battleship.

Do you know something else, Mr.

President? After we spend what is projected to be $1.3 trillion over the next 5 years for defense—and you and I both know the Defense Department's inflation figures are horribly inaccurate—we are talking about somewhere between $1.3 trillion, in the next 5 years, to $2 trillion. When we get through spending $1.3 trillion to $2 trillion, we are still going to have the same problem we have right now. That is manpower.

You can buy all the ships in the world; you can buy all the planes in the world; and you still will have what the Army and Navy and the Marine Corps will tell you is their number one problem: manpower.

Is this ship vulnerable? Let me tell you something, Mr. President. There is a memo out from 1939, when the chief of the Bureau of Ship Construction and Repair wrote a memo to the Chief of Naval Operations about the battleship *New Jersey*. You know what he said in that memo? He said: "In any case"—they are talking about the vulnerability of this ship's underbelly. He said, we can decrease the vulnerability on the side, but we cannot help its vulnerability against antenna mines, or torpedoes. Here is the memo from 1939, just declassified not too long ago:

> 12. In any case marked structural changes of known benefit to protect against underbottom explosions cannot be accomplished in battleships now under construction or on order without great delay, increased cost, and sacrifice of undetermined amount in other characteristics, notably speed. An increase in draft must inevitably result also which raises grave questions as to available harbors, dry docks, and Panama Canal channels.

Mr. TOWER. Mr. President, the Senator said 1939. The ship was not built in 1939.

Mr. BUMPERS. The ship was on order in 1939 and the changes recommended in this memo were not made because of cost considerations.

Mr. President, do you know how many battleships went down in Pearl Harbor with the munitions of that day? This battleship is just as vulnerable as those.

Mr. TOWER. Would the Senator suggest that the cruiser is less vulnerable than the Iowa class battleship to mines, torpedoes, and so on? Does the cruiser have a thicker hull?

Mr. BUMPERS. The cruiser is less vulnerable and I will say why. It is less vulnerable because all that armor that everybody talks about is not a blessing but a bane. The Navy people will tell you—talk to a good Navy engineer and he will tell you—that thick armor will crack when it gets hit and that the new armor we put on the cruiser is a lot better, a lot more resilient, and a lot less likely to sink the ship.

It is not an invulnerable ship.

Mr. TOWER. There is no armor on the cruiser. It has only its normal steel hulls.

Mr. BUMPERS. Mr. President, I am talking about steel hulls, which are about one-tenth as thick as this hull on the *New Jersey*.

What is the role of this ship going to be? We are going to put cruise missiles on it. Certainly, there would not be any reason to build it unless we were going to put cruise missiles on it. But is that a good enough reason for building it? The answer is no. If you want cruise missiles around the oceans to launch and be invulnerable, put them on our attack submarines. Every *Los Angeles*-class 688 submarine that is going to be built in the future is going to have 12 vertically launched cruise missiles on it. Those that come in for retrofit are going to be retrofitted with cruise missiles without compromising the number of torpedoes they carry. They are going to have cruise missiles on them.

Would you not rather have 1,000 cruise missiles underwater on attack submarines than 100 floating around on a 40-year-old battleship?

Those 16-inch guns that are so highly touted, with a range of 25 miles, are good to go in and lambaste some Third World country that, maybe, cannot fire back. But you are going to compromise that ship anytime you get within 25 miles of anything.

Certainly, it is not going to do any good out in the ocean. It is not going to get within 25 miles of a Russian ship that is loaded with Harpoon-type missiles and other guided missiles. Those guns are worthless unless you are going to hit land-based targets.

What is the record of those 16-inch guns on battleships in World War II, the Korean war, and the Vietnam war? It is terrible. It is absolutely terrible. So, Mr. President, those guns just do not mean all that much.

Mr. President, I want to say finally that I agree with the Senator from Alaska when he says this battleship should not be in this supplemental appropriations bill. He has asked what any Senator's constituents would ask him to do: Before you appropriate any money, find out how much money you are going to appropriate. That is all the Senator from Alaska is asking: Give us a cost figure.

I also think it is the wrong signal, the wrong way to send a signal to the Soviet Union. As I said earlier, we are going to wind up with something that is going to be an embarrassment to all of us.

Mr. STEVENS. Mr. President, I want to yield to the Senator from Rhode Island, but I want to point out to everyone what the amendment does.

We added $9.8 million for the SSN-688 nuclear attack submarine program, $53.8 million for the FFG-7 guided missile frigate program. The amendment of the Senator from Texas deletes those. They will not be in conference, they are not in the bill. The frigate comes out, the submarine comes out, the aircraft funding comes out. In goes that battleship.

The amendment could have been drafted to do what the House did—that is, put the $89 million in for the battleship. But in order to get the figures, they have deleted new ships, in order to take the battleship out of the conference. What they have taken out of the conference is the amount we wanted to take to conference, which is the frigate and the submarine.

Mr. President, I do not understand why this penchant against letting us take some items to conference which deserve the attention of the House and of the Senate. Because the Senator from Texas wants to have his way as far as the battleship is concerned, he is ready to sacrifice funds for frigates and for new attack submarines.

Mr. President, I yield to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I have a couple of questions I would like to direct to the chairman of the Committee on Armed Services, if I might.

I ask the Senator from Texas, am I correct in understanding that this money for the *New Jersey* will come from new ship construction? Is that correct?

Mr. TOWER. Mr. President, the Senator is correct.

Mr. CHAFEE. How much will come from new ship construction?

Mr. TOWER. Let me calculate it for the Senator from Rhode Island. We have deleted $9.8 million from SSN-688 inflation increases and $53.8 million from FFG-7 inflation increases; increases that were over and above that requested by the administration.

Mr. CHAFEE. So we eliminated a down payment. I do not know what that will be for the frigate, but part of it comes from the construction of the new frigate. Is that correct?

Mr. TOWER. Yes. What remains in the ship construction account is still over and above the administration's request.

Mr. CHAFEE. What I want to know is this: We are getting money for the *New Jersey* from the construction fund for a frigate.

Mr. TOWER. The frigate funding requirement is going to be met, as is the SSN funding requirement, and I know that the distinguished Senator from Rhode Island is concerned about SSN.

Mr. CHAFEE. I certainly am.

Mr. TOWER. As a matter of fact, the administration requested an SSN-688 attack submarine in the fiscal 1982 request over and above what had been requested by the previous administration, and our committee has authorized it.

Mr. CHAFEE. To get the *New Jersey*, we take money from an SSN and from a new frigate. Do we take anything from aircraft procurement?

Mr. TOWER. About $14 million, again from inflation increases that were over and above those requested by the administration.

Mr. CHAFEE. I thank the distinguished Senator.

Mr. TOWER. Let me say further——

Mr. CHAFEE. I am on my time, Mr. President.

Mr. TOWER. It is a matter of priorities. It is the decision of the Department of Defense and the Department of the Navy that this reactivation is a very high priority.

Mr. CHAFEE. Mr. President, to take money from new ship construction and put it into what I consider to be one of the most ridiculous steps that has been taken on this floor, with construction of naval procurement, seems to be to stretch our imaginations and push us in the wrong direction.

I say to the chairman that there is nothing infallible about the Armed Services Committee. This item comes from

the same committee that a year ago told us, "We wish to reactivate the *Oriskany*," and they gave us all the arguments for it. I quote from the authorization report of May–June 20, 1980:

The reactivation of the *Oriskany* is an effective near-term measure to increase fleet resources at reasonable cost. The addition will provide some interim relief on the strain of the forces.

It went on.

"We have to have the *Oriskany*," they said. A year later, what did they say about the *Oriskany*? This is what they said: They deleted the request for the *Oriskany*.

The modest improvement in capability that will be provided by the reactivation of the USS *Oriskany*, with its proposed air wing in A–4, does not justify the added strain that will be placed on the Navy personnel system, nor does it justify the rapidly rising cost estimates that are reflected in the total request.

They saw the light—I might say belatedly—on the *Oriskany*, and I believe it is time they saw the light on the *New Jersey*.

Mr. President, to take money from new ship construction, the 688—sure, I have a personal interest, but the amount there is modest compared with what they took from the construction of a new frigate, plus some aircraft procurement.

If there are two things we need in the Navy budget, they are aircraft procurement and new ship procurement—more ships, smaller ships, faster ships, such as represented by the frigate.

To go into this reactivation of the *New Jersey*, a vessel more than 30 years old—and you can say that it is not merely 30 years old because she has been tied for many years and was refurbished for the Vietnam war—makes no sense. It is a 35-year-old ship no matter how you slice it.

Mr. President, I urge my colleagues to stick with the Appropriations Committee on this subject and to reject the amendment as proposed.

I thank the Senator from Alaska.

Mr. STEVENS. Mr. President, how much time remains?

The PRESIDING OFFICER (Mr. EAST). The Senator has 4 minutes and 50 seconds remaining.

Mr. STEVENS. How much do the proponents have?

The PRESIDING OFFICER. Seventeen minutes and twenty-four seconds.

Mr. STEVENS. I reserve the remainder of my time.

Mr. TOWER. Mr. President, I want to yield to other speakers, but before I do let me say that the Senator from Rhode Island may question the wisdom and good judgment of the Armed Services Committee and of the administration, which he has done.

He has said we are not infallible, and indeed we are not. However, apparently, neither is the Senator from Rhode Island, because he failed to mention that although we have reduced the figures proposed by the Appropriations Committee on the SSN, the frigate, and on naval aircraft, what remains is still considerably over what the administration, itself, requested; and the administration, I believe, has a pretty good defense program. Specifically, in this bill there is still $26.2 million on the SSN, $3.3 million on the frigate, and $84.7 million on aircraft procurement more than the administration has requested.

Mr. President, I yield 3 minutes to the distinguished Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, it has taken me quite a while to reach the conclusion that it would be desirable to reactive the *New Jersey*. Yet, I speak tonight in behalf of funding the reactivation of the battleship *New Jersey*.

At the outset, I want to make it very clear that I do not favor exceeding the President's budget request or the Budget Committee's approved figures for fiscal year 1981. Under the amendment offered by the Senator from Texas, the total funds will not be increased.

The *New Jersey* is one of four Iowa-class battleships. I recently was aboard the *Iowa* and was impressed with the protective armor of this class of ship, and was impressed with the overall condition of the ship.

The *New Jersey* is in even better condition, having received extensive modernization in 1968.

Initially, I had serious doubts about the reactivation of World War II ships for the Navy of the 1980's. However, the *New Jersey* will be unique in that it will be a platform for cruise missiles, nuclear or conventional, as well as a platform for the firepower of nine 16-inch guns.

Having been assured it can be reactivated in a relatively short period of time, I feel it worthwhile to utilize this mighty vessel. Therefore, I fully support the funding request for the reactivation of the battleship *New Jersey*.

I was concerned with the different estimates of the total cost of the reactivation. Frankly, I think that the Navy was not prepared to respond to this matter in times past. I have read all kinds of estimates.

The Secretary of the Navy now has given the necessary assurance that the cost will not exceed $326 million and likewise has given the assurance that the time frame for this reactivation will not exceed 21 months—6 months of planning, followed by 15 months of construction. A considerable amount of the equipment will be off-the-shelf equipment and is available for installation now.

It seems to me that a very important point is that this ship can be reactivated and put into service in a relatively short period of time.

The *New Jersey* will be a multimission ship—strike warfare, antisurface warfare, and amphibious warfare. Cruise missiles will be the principal weapons for strike and antisurface warfare, and her 16-inch guns provide naval gunfire support for amphibious warfare. This is a quantum jump over existing 5-inch guns.

Except for aircraft carriers, there will be no combatant ship that approaches the firepower and the survivability of a reactivated *New Jersey*.

I say again that I do not favor exceeding the approved budget target for fiscal year 1981, but I urge my colleagues to include the battleship *New Jersey* in the fiscal year 1981 appropriations bill; the equivalent funds will be reduced elsewhere. This amendment does not increase the total funds.

Mr. STEVENS. Mr. President, I want to yield a half minute to the Senator from Rhode Island, but I should like to know if the Senator from Texas is willing to offer an amendment which would limit the reactivation and modernization cost of the *New Jersey* to the $326 million the Secretary of the Navy pledges to live within.

He read the letter of the Secretary of the Navy to that effect. We are committed to a top price of $326 million. Is it his position that if $326 million will not do it we will not float it? I ask him that on his time. I only have 2 minutes remaining.

Mr. TOWER. I prefer to respond not on my time but on his if he wishes to ask the question. If he wishes to ask the question, let him ask it on his time.

Mr. STEVENS. Mr. President, I yield to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, we have the assurances from the majority leader that we will receive additional time up to an hour and a half that was originally asked for. So I will safely ask on the Senator's time.

Mr. STEVENS. I only have 2 minutes remaining.

Mr. CHAFEE. Mr. President, I ask the Armed Services Committee chairman for a brief answer to this question.

Is there a second phase to the configuration of the reactivation of this vessel? This is phase 1 for $326 million. Does the Navy have a plan in for a second phase including add ski jumps, the installation of vertical launchers, add a hangar, and aditional helo systems, and so forth? Is there a second phase plan?

Mr. TOWER. Let me say to the Senator from Rhode Island there is some preliminary planning for a second phase, but that has yet to be requested and would have to come before the Armed Services Committee for authorization. What is contemplated in the first plan includes 32 Tomahawks and 16 Harpoons.

Mr. CHAFEE. I thank the Senator for that information. This is very brief. We are in short time.

I now ask him in less than a half minute, why do we need a second phase? Why do we need a second phase? Why do we even have to contemplate a second phase for this wonderful ship?

Mr. TOWER. This is going to be an enormously useful ship, if we put the systems on it.

Mr. STEVENS. I do not yield the total amount of my time. I reserve 1 minute.

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Who yields time?

Mr. TOWER. Mr. President. I yield 5 minutes to the distinguished former chairman of the Armed Services Committee.

Mr. STENNIS. Mr. President, let me assure everyone that this is no jumped up affair. This plan in its infancy and development has been with the Armed Services Committee for 2 years. At one time it got a back seat. It had a tre-

mendous appeal, and it got a back seat into priorities and the authorization for this project passed the Senate within the last 2 weeks, certainly not over 3 weeks. It was not debated, but it was in the bill and it was in the report. The questions were not raised here in the Chamber.

That is the story.

I was interested in this top figure and what was going to be, and I have a copy of the letter here that our committee had before us addressed to the chairman from Mr. Lehman who is the Secretary of the Navy. He is one of the most capable men I have found. He is knowledgeable and frank.

He says here in the last paragraph:

> We are so confident of this estimate that I will commit to activation modernization of the *New Jersey* in a West Coast shipyard for a top price of $326 million. I would assign a top priority to this effort in execution. I am firmly committed to this effort.

Mr. STEVENS. Mr. President, will the Senator yield for one question?

Mr. STENNIS. I yield.

Mr. STEVENS. Does the Senator realize that the second phase is necessary for the 100 Tomahawks, that this money will not provide a launching pad for the Tomahawks?

Mr. STENNIS. That is the second part of my speech.

With great deference, let me finish the next paragraph.

The next part of it relates to the activation, what kind of weapons are we going to put on it, what are we going to do with it, and that includes what the Senator from Alaska so alertly brought up.

Yes, cruise missiles, and that was the second greatest appeal that this matter had to me.

There is tremendous space here. We have the figures showing the capacity it will have for cruise missiles. That will cost some additional money, of course.

Another possible use for it is amphibious landings of the Marines, and it is according to how they are going to especially equip it for that. It has that added cost. It is not going to be enormous, certainly, but it will relate directly to the chosen use. And on and on are the possibilities here for uses for this ship.

The third big point I had in my mind is when we go to building the top carrier, for instance, it is $3.7 billion for a carrier, and that is the low figure—I am not talking about the high figure—$3.7 billion, I think it is time to look around. I have not found a military officer interested in this—to look around and see what they can do with what they already have.

They certainly strongly certify as to this matter.

So I was glad to have a chance to see it get into shape where we thought we could push this thing, and I fully understand the Senator from Alaska and I admire the way he goes after things. But I think we would be passing up one of the best chances we have to find out what the possibilities are in this field with these multiuse possibilities. They can use it to some degree as a refueling ship, but not primarily, and that is highly important, with the support for Marine landings, and the aides say that there is 15 years of sea life left in this ship. I was amazed at the proof about the condition of these long-range guns, which are in perfect condition that they are in now having been kept that way, and there are a lot of other features about this ship.

I do not want to take up any more time. I am so firmly convinced that in view of these tremendously rising prices for any kind of a ship, which is first class, that claims everything, missiles, we must double the appropriations and we get scant numbers above what we had.

I thank the Senator.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. TOWER. Mr. President, I yield 2 minutes to the Senator from Alabama.

Mr. DENTON. Mr. President, I have tremendous respect for the objections I have heard, considering the source of those objections. Every Senator who has spoken against this amendment has my total feeling of friendship, as well as respect, but I point out some points for their consideration.

Mr. President, the Soviets are acutely aware that our naval forces have been spread dangerously thin. My colleagues should also be aware that we have forced our one and a half ocean Navy to address a three ocean commitment at a time when a strong naval presence is required to insure deterrence, presenting proof of our capacity to protect our interests, honor our commitments, and win the war over control of the seas should deterrence fail.

It is a tribute to the quality of American seamanship, respected by our potential adversaries, that, so far, our Navy has been able to preserve success in her assigned mission. However, if the fleet is not brought up to the level of strength recommended by the administration, the naval balance of power will have been permitted to deteriorate to a condition which I must label unconscionably dangerous.

The expansion of our Navy can no longer be viewed as a long-term goal. It is a pressing necessity. We do not have 15, 10, or even 5 years to begin to address the existing shortfall. It is imperative that we take effective, substantive action now.

It is for this reason that I have joined with the distinguished chairman of the Armed Services Committee in cosponsoring this amendment which seeks to restore $89 million authorized for the reactivation of the battleship USS *New Jersey*. *New Jersey* is an *Iowa*-class battleship, and together with her sister ships, enjoys the distinction of being the most survivable, sea-going weapons platform in our arsenal. Most important, however, is the fact that the reactivation and modernization of *New Jersey* represents an effective, necessary, near-term step in bolstering our naval forces.

The phase I modernization will provide *New Jersey* with the most advanced and versatile weapon systems available, including 32 Tomahawk cruise missiles, 16 Harpoon antiship missiles, 4 Phalanx antiair systems, modernized communications and air search radar systems. These improvements, combined with her present configuration of nine 16-inch guns, capable of firing an unassisted 2,700 pound projectile a distance of 23 miles, transform *New Jersey* into a formidable, offensive platform capable of effective interdiction in both high and low threat contingencies. The fact that this reactivation can be undertaken at a fraction of the cost—$326 million—and in less than half the time—21 months—that it would take to procure a new surface combatant with far less capability, reflects a fiscally responsible initiative which will fill a perilous gap in terms of time and capability.

New Jersey offers a speed of production which is appropriate to the need: The early and mid-eighties. She offers a suitability for an existing need which can be filled in no other way. She presents more bang for less bucks. She has a greater versatility for effective performance in varied scenarios than any other type ship, or weapon, in the U.S. Navy.

I think reactivation of *New Jersey* is justified. I think it is necessary.

Charges have been made that the battleship is not a modern weapon. It could be said neither is the bayonet, or for that matter, neither is man. But we need bayonets for some battles. We need battleships for some battles, and we lost them because of a fight between carrier aviators and battleship men.

This fact becomes poignant when we realize that there are no longer any battleship men in the Navy, yet the U.S. Navy as a whole has passed judgment that this ship is necessary and preferable to certain new surface combatants, or even aircraft. I rely on that judgment, and I share it, without feeling any lack of respect for the opinions of my colleagues.

Some of the quotations put forward raising objections from 1939 were coming from the midst of that battleship-carrier feud that was going on. That feud is over. We must recognize that the battleship is survivable against modern weaponry. Beyond that, I would point out that with 19.5 inches of armor surrounding the conning tower, and 13 inches around the hull, the *New Jersey* is an order of magnitude more survivable than any other ship afloat.

Mr. President, the Navy has asked for this ship. The Department of Defense has asked for this ship. The administration has asked for this ship, and the Armed Services Committee has asked for this ship.

I urge my colleagues to join me in demonstrating a unified and credible national resolve, and move for the adoption of this amendment.

Mr. TOWER. Mr. President, I yield to the Senator from Maine.

Mr. COHEN. Mr. President, the problem I have with much of the debate on this important issue concerns the nature and validity of various statements that have been made about the capabilities of this entire class of battleships. Some of these statements depict the *Iowa* class as being slow, old, highly vulnerable, inefficient and a waste of the taxpayer's money. Unfortunately, these reflect a woeful misunderstanding of sea power

today and a lack of real research into the subject.

But before I get further into this issue, let me list some of the missions this ship could perform:

As a cruise missile and big gun platform for long-range and short-range attack; long-range and short-range antisurface unit warfare; heavy firepower support of amphibious landings; a flagship and command ship; refueling other ships, including its own escorts; naval presence; and in conjunction with a carrier, or independently, as a centerpiece of its own battle group.

With these missions in mind, let me cover some of the fallacies in some of the antibattleship arguments.

SPEED

Mr. President, the *Iowa*-class battleships are not slow, as has been charged by some. In fact, they are among the fastest warships in the world, capable of steaming with any surface warship in the Navy inventory, including every aircraft carrier and cruiser. Indeed, the highly respected book, "Jane's Fighting Ships," indicates that the *Iowa's* are 1 to 2 knots faster than our older conventionally-powered aircraft carriers and as many as 5 knots faster than some of her potential cruisers and destroyer escorts. Now we all know that warships, like aircraft, do not spend much time at full speed, but again, like combat aircraft, they must have the power to accelerate out to top speed and maneuver. Well, these ships have the power and top speed to do that.

AGE

Mr. President, let me say a few words on the issue of the age of these ships. As the distinguished Senator from Texas pointed out, there is a very prevalent misconception about the difference between service life and age since construction. The first is the life the ship has actually served in active commission; the second indicates the years since the ship was built. If properly deactivated and preserved, a ship actually ages very little, if any. It is sealed. Dehumidification equipment is routed throughout the ships to maintain the proper air conditions, and its rotating equipment is preserved.

Gentlemen, I have witnessed the result of this process myself. After our last debate on this issue, I toured the USS *Iowa* in Philadelphia with the distinguished Senators from Virginia and Colorado. The condition of the ship, especially the interior condition, was amazing for a ship that has been our of commission for almost 25 years. It was as if the crew had just stepped off her. And I guess it is fitting somehow that bureaucratic paperwork never escapes us. When we opened some drawers in one of the spaces, blank mimeographed forms were still there, in like-new condition, waiting for some poor soul to fill them out. And if my information is correct, if you have ever been in Philadelphia for just one summer, you would realize what a miracle that is.

New Jersey is the oldest of the four *Iowa's*, but she has only 13.7 years of service life. The "youngest"—*Iowa*—has only 7.6 years. The entire class averages only 10.7 years. Compared with the average service life of our current fleet, which is just under 15 years, these ships have a great deal of service remaining.

We have had testimony that these ships have at least 15 years additional service life available. We are now extending the service lives of our large, attack aircraft carriers to 45 years. If the same things were done to the battleship, there would be over 30 years left in the oldest and 35 years left in the youngest.

SURVIVABILITY

Many have said the battleships are not survivable in modern warfare. That could not be further from the facts.

First, let me say that no ship is indestructable, but some are more survivable than others.

Survivability is a function of numerous factors: armor, defensive weapons, damage control, and fleet defense capabilities to name a few. Not only will this ship have its own modern radars, communication equipment and electronic warfare suite, but she will also have four modern self-contained anticruise missile, rapid-fire Phalanx gun systems. Her damage control equipment and capabilities are unsurpassed; she will operate with air defense escorts, as do all our front line ships, and she has more extremely high-grade armor plating than any other ships in the Navy. In fact, today Jane's lists only our *Nimitz*-class carriers as having any armor of any consequence, and its only 2½-inches thick as compared with the 17.3-inch maximum thickness on the *Iowa* class. Additionally, on this class the 12.1-inch armored hull is not the outer hull; it is in fact at least the fourth hull in. A torpedo or a cruise missile must penetrate three separate hulls, before it even reaches the ship's armor.

Gentlemen, this ship was designed to withstand armor piercing shells from other battleships with 16-inch guns. The 2,700-pound shell of the *Iowa* can penetrate 30 feet of reinforced concrete. No cruise missile today can come close to matching that performance.

That, however, brings me to my next point on survivability. During our last debate on this subject, the sinking of the Israeli destroyer, *Eilat*, by a Styx cruise missile was mentioned. But that is mixing apples and oranges. It should have also been mentioned that this destroyer was typical in that it had no armor like a battleship and was alone and unescorted. Indeed, the sinking of the *Eilat* made a great impression on naval designers. This is why the *Iowa's* will have the Phalanx guns which were designed to help counteract the cruise missile threat for which the world and the *Eilat* were unprepared.

But aside from that, the historical record of the battleships is impressive Following Pearl Harbor the battleships of the U.S. Navy were involved in numerous engagements and were hit by every type of naval ordnance, including bombs, torpedoes, gunfire and kamikazes. At no time was any battleship seriously damaged or knocked out of action. The record for other classes is another story. Thin skinned destroyers and auxiliaries were destroyed on numerous occasions, and aircraft carriers, the backbone of our fleet now, were destroyed or seriously damaged. Survivability, as I said, is a function of several factors. The *Iowa's* compare extremely favorably with anything we, or they, have.

FIREPOWER

I do not think I need to dwell on the relative capabilities of the firepower of this class of ships. Surface combatants in the fleet today just do not possess the full range of capable weapons the *Iowa's* will possess after modernization. I have mentioned the awesome capabilities of the 2,700-pound shell for the 9 16-inch guns, but this ship will also have 32 700–900 mile Tomahawk land-attach and antishipping cruise missiles, 16 60-mile Harpoon antiship cruise missiles, 5-inch guns, the Phalanx rapid-fire guns, as well as the capability to conduct limited helicopter and VSTOL aircraft. With both their suite of modern weapons and their time-tested weapons, these ships are truly awesome.

MANNING

Manning any ship in these times is tough, but we cannot predicate our force goals solely on immediately available manpower. These ships, however, make very efficient use of our men, especially when viewed from the basis of the number of men required per offensive weapon aboard. In fact, I would say they are a bargain. Moreover, Admiral Train, the Atlantic Fleet Commander told a House committee that there are already many volunteers, including qualified men who have returned to civilian life, but who have said they would return to serve on the *New Jersey*. Gentlemen, this ship requires 1,562 men. I think the Navy will find them, as they said they would, especially with the pay and benefit increases we have given them and most likely will give them again.

COST

Mr. President, let me only make one statement about cost in addition to others made by the Senator from Texas: This Nation has reactivated one of these ships relatively recently—the *New Jersey* in 1967–68. We know how to do it, and as has been mentioned, the Navy has several key people returning to duty to reactivate *New Jersey* who took part in the last effort. Moreover, this effort is almost all repair-type work; there is very little construction work. Sensibly, all of the modernization items are "bolt-on" systems that require little if any major structural changes outside of the routing of the proper power cables. I am extremely confident that the Navy will finish this reactivation at or under their cost estimates, as they did in 1967.

ADMIRAL BULKELEY

Finally, let me read one statement into the RECORD. It is from Adm. John D. Bulkeley, USN (retired), who heads the Navy's independent engineering audit agency, the Board of Inspection and Survey. From his World War II days as the motor torpedo boat skipper that took MacArthur off Corregidor to his days as a flotilla and carrier group commander, this highly decorated officer has served his country with bravery and dedication. He has been the Navy's chief inspector since 1967, and he prides himself in his determination and independence.

In September 1977, after reviewing the material condition of *Oriskany*, he said she was, quote, "unfit for further service."

In August of that same year his team had inspected *New Jersey* and she was pronounced quote "conditionally fit for further service."

Gentlemen, *New Jersey*, specificallly, but each of the *Iowa's* generally, is available and ready for us to modernize them and to return them to the active service of our country where they are desperately needed. I recommend that we vote to appropriate the funds requested to complete these reactivations at the earliest possible date.

Mr. President, I ask unanimous consent to have printed in the RECORD a cost audit of the *New Jersey* indicating how its price has escalated from the original estimate in February 1980 to the current estimate of $326 million.

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

New Jersey

[Cost audit]

	Million
House Armed Services Committee (2/80): FY80$	$255
New Indices and Delay Start from FY80 to FY81	+39
(Senate Armed Services Committee Authorized)	294
NATO Sea Sparrow Deleted	−65
(SASC Revised: 7/21/80)	229
Delay Start to late FY81	+22
Changes in Government-Furnished Equipment Costs	+27
Delay Start to FY82	+27
(Navy estimate using 4/80 indices)	305
New Reagan Indices; 2/81	−10
Navy estimates in Reagan Budget (FY82$)	295
New Air Search Radar	+10
Increased Aviation Facilities Aft	+5
4 Additional Armored Box Launchers (Tomahawk)	+16
(FY82 Authorization Bill)	$326

Mr. COHEN. Mr. President, in my judgment we have lost our overall strategic parity. At one time we were superior to the Soviets strategically. Then we were told we still had a rough equivalency, but testimony before the Armed Services Committee indicates we are on the downside of rough equivalency. We are outnumbered in almost every category in the conventional arms field and, we have had to rely upon our naval superiority to keep open the sea lines of communication.

But, this year, for the first time, the Chief of Naval Operations testified that we no longer enjoy the thin margin of maritime superiority we had just last year. Indeed, the Soviets have improved so much that optimistically the maritime balance between the United States and the U.S.S.R. can at best be called "murky." Thus, we have lost the very naval superiority upon which we have had to rely.

This has caused us to be faced with a short-term and a long-term problem of how to regain the maritime supremacy our position in the world requires. The reactivation of the *New Jersey* is an attempt to address the short-term part of that problem in the most cost-effective way.

I have heard the argument that we have to have new planes, new ships, and new tanks. Take the XM–1 tank, for example. It is a wonderful piece of equipment, but it has a very high price.

How about the F–18 which has gone from a $13 billion program to a $41 billion program, and may hit $50 billion?

I suppose we could also raise the question of the B–1 bomber. What are we doing building a bomber in this age of missiles? It has gone up to $120 million per copy, possibly $150 million per copy, but still we argue, but agree, that there is a necessity for these new systems.

What we are trying to do with this amendment is to make a near-term improvement to help get us through some of our near-term difficulties and, in my judgment, the reactivation of the *New Jersey* is an extremely cost-effective attempt to fill that near-term gap and to fill it in the shortest time we can.

I would love to have an additional group of smaller, faster, more modern ships now, but our problem is cost and time, We are trying to reach both our short-term and long-term goals. To reach the long-term portion of our goal of rebuilding our naval capability, we have authorized and appropriated additional new ships in the fiscal year 1981 supplemental bill. But we also have to increase our naval forces in the short-term, and we have do it with the fewest dollars possible. Reactivating the *New Jersey* represents the most cost-effective way we can do it in the shortest period of time.

Mr. STEVENS. How much time is remaining?

The PRESIDING OFFICER. The Senator from Alaska has 2 minutes, 23 seconds remaining, and the Senator from Texas has 2 minutes, 14 seconds remaining.

Mr. STEVENS. Mr. President, I yield myself 1 minute.

Let me state to the Senate again I hope we can reactivate the battleships and do it cost-effectively.

As we looked at this in committee we did not have the necessary information available. As we investigated it we found there was a report that was still in Bremerton. We found a classified item from 1977. We found a phase II configuration chart which indicated that if you want to use the Tomahawks you have to install a vertical launch system, and that is part of the second phase, and that is another $1 billion for all these creaky old ships.

What is going to happen is we are going to start this off, we are going to put up the money and start it, and then every year we are going to add to it, and every year I am going to be questioning it, because I have sat here and seen where we financed the ABM, and the day it opened we closed it.

We financed the B–1, and just before it was built we stopped it.

When can we stop wasting money and start building new systems that will work?

In our bill we have money for a frigate, we have money to continue the nuclear attack submarine program. The Senator from Texas will not even let us take it to conference. His amendment deletes those items although they are authorized, and says, "No, we insist that the Senate stay the battleships and nothing else." I think that is wrong.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. TOWER. Mr. President, I might just point out that you do not have to have a vertical launch system for the Tomahawks. The Tomahawks are installed on the ship in armored box launchers that house four missiles each. That is how you accommodate the launch capability of the missile.

Mr. STEVENS. Mr. President, will the Senator let me use 30 seconds? That is true for the eight launch boxes. But it is not true for launching 100 Tomahawks. For launching 100 Tomahawks, they have to have the vertical launchers.

Mr. TOWER. The current plans call for the installation of only 32 Tomahawk cruise missiles in eight armored box launchers, not 100, Mr. President.

I yield the remainder of the time to the distinguished Senator from Virginia.

Mr. WARNER. Mr. President, I urge my colleagues to support this amendment.

This issue has been debated before in the Senate. Just last month, the Senate rejected an amendment to deny funding for reactivating the U.S.S. *New Jersey* by a vote of 69 to 23.

All the arguments that have been made against reactivating the *New Jersey* have been rebutted. Most of the arguments against the *New Jersey* have been based on misinformation or misconceptions.

These issues have been addressed very well in the point papers which accompanied Senator TOWER and Senator HOLLINGS' "Dear Colleague" letter dated May 19, and I ask unanimous consent that both the letter and the point papers be made a part of the RECORD at this point.

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

COMMITTEE ON ARMED SERVICES,
Washington, D.C., May 19, 1981.

DEAR COLLEAGUE: We request that you support our proposed amendment to the Fiscal Year 1981 Supplemental Appropriations request which would provide $89 million (plus $3 million RDT&E) of the $326 million of procurement required to reactivate the battleship *New Jersey*.

The Administration has made a convincing case that our naval forces have been stretched very thin as a result of increasing naval commitments and that we must use every available means to get surface combatants to sea as quickly as possible in order to reverse the growing naval imbalance which today clearly favors the Soviet Union. In an effort to provide a partial solution to this critical problem in a relatively inexpensive and expeditious fashion, the Administration has requested $89 million (plus $3 million RDT&E) in Fiscal Year 1981 and the remaining $237 million in Fiscal Year 1982 to overhaul and modernize the *New Jersey*. Unfortunately, while the funding for this ship has been approved in the Senate and House version of the Supplemental Authorization Bill and in the House version of the accompany-

ing Appropriations Bill, such funding is not reflected in the Senate version of the Fiscal Year 1981 Supplemental Appropriations Bill.

Some have argued that the *New Jersey* is too old, that it represents 1940's technology and that it would be ineffective in any realistic 1980–1990 threat scenario. The facts clearly indicate otherwise. The *New Jersey* is a relatively young ship with a service life of only 13.7 years as compared to the fleet average of approximately 15 years. With the following planned weapons configuration, the *New Jersey* would have an offensive strike capability second only to the aircraft carrier: (32) Tomahawk cruise missiles (300 to 900 mile range); (16) Harpoon anti-ship missiles; (4) Close-in-Weapons systems (automatic, rapid-fire anti-air guns); (9) 16" guns (2700 pound shell); and up to (20) 5" guns.

This ship's 16 inch armored hull, compartmented design and system redundancy make it the most survivable ship in our current naval inventory. Its size, 35 knot speed, range and weapons configuration make it a mission flexible platform capable of providing, among other things: (1) power projection ashore with its cruise missiles and 16 inch guns, (2) sea control with its Harpoon Missiles and Tomahawk cruise missiles, (3) and amphibious landing assaults.

Some opponents have also argued that the Administration's estimate for overhauling and modernizing the *New Jersey* is "soft" (a Class F estimate) and unrealistically low. This argument certainly has appeal until we consider several persuasive facts. First, the *New Jersey* was overhauled in 1968 and is in exceptionally sound structural condition. With this relatively recent experience and the return of several key people involved in the 1968 overhaul, there are very few unknowns which the Navy has not previously encountered. Second, the Navy in 1967 requested $24 million (also a Class F estimate) to overhaul the *New Jersey* and completed the job in one year for only $21 million. Third, the Secretary of the Navy has expressed his confidence in the accuracy of the $326 million cost estimate (plus $3 million in RDT&E) and his unequivocal commitment to obligate no more than such amount for the reactivation of the *New Jersey*. (Attachment 2) This should provide additional assurance to those Senators who may not share our confidence in this cost estimate.

After a very careful analysis, it is our view that the Administration's proposal to reactivate the *New Jersey* offers the least expensive and most expeditious means of providing a significant and urgently needed improvement to our sea-based offensive strike capability. We, therefore, urge you to support our proposed amendment to provide $89 million (plus $3 million RDT&E) in the Fiscal Year 1981 Supplemental Appropriations Bill to reactivate the *New Jersey*.

Sincerely yours,

JOHN TOWER.
ERNEST F. HOLLINGS.

POINT PAPER ON THE REACTIVATION OF THE U.S.S. NEW JERSEY

The Senate Armed Services Committee has recommended approval of the Administration request for funds for reactivation of the U.S.S. *New Jersey*.

The Committee's rationale as stated in the Committee report is that:

"The Navy will gain an extremely credible near-term offensive addition at a cost roughly equivalent to that . . . (of) a frigate."

The reactivation of the *Iowa*-class battleship would provide highly survivable, multipurpose offensive weapon systems that are clearly the equal of any battle cruiser the Soviets could deploy in the next decade.

The facts are that the *New Jersey* is in excellent condition; it is not an old ship in terms of active service life. It can be brought back into service within 21 months with a modern, updated weapons suite including: Tomahawk cruise missiles; Harpoon antiship cruise missiles; the Phalanx close-in weapons system; modern electronic warfare and radar equipment; and a modern communications package. It is the most survivable ship afloat today.

The issues in question are as follows:

COST

The argument has been made that the cost estimates are soft and unreliable and we are likely to have a major cost overrun.

It is true that the cost estimates are class F estimates. However, they were prepared by the Ship Cost Estimating and Analysis Division of Naval Sea Systems Command. They were prepared by economists, analysts and engineers who have substantial experience in this area. The Navy has experience in this area. The Navy has experience in reactivation of the *New Jersey*. It was estimated that the reactivation of the *New Jersey* in 1967—class F estimate—would cost $24 million—1967 dollars. The actual cost was $21 million, or 12.5 percent under the estimate and it took only 1 year. The reactivation was approved in August 1967, and the *New Jersey* fired her first shots off Vietnam in September 1968. The pricing is thus based on known conditions and past experience. The estimates for the addition of the modern weapons system, environmental systems, and habitability improvements are based on the Navy's experience with other ships which have been modernized with the same systems—that is, Phalanx close-in weapons system, sewage pollution control equipment, conversion to Navy distillate fuel.

Furthermore, to replicate the *New Jersey* under today's conditions would cost an estimated $2 to $3 billion. In fact, the U.S.S. *Arkansas* (CGN–41), a nuclear-powered guided missile cruiser that is about one-fifth the size of the *New Jersey* and currently has no offensive capability, aside from two 5-inch guns, and no armor for increased survivability, would cost about $1.5 billion and would take some 5 years to construct.

AGE

The argument has been made that the *New Jersey* is an "old" ship—World War II vintage.

While it is true that the ship was commissioned in 1943, in terms of service life the *New Jersey* is a young ship, having been in active service for a total of 13½ years. This valuable investment was layed-up, or mothballed, at considerable expense so that she could be brought back to service when needed. The average age of the total of the four *Iowa*-class battleships is, in fact, even less at 10.7 years. The average age of the current Navy fleet is just under 15 years.

1940'S TECHNOLOGY

The argument has been made that we should not spend money on 1940's technology to meet the threats of the 1980's.

The answer to this is simply that the *New Jersey* will be outfitted with the most modern weapons systems available.

The ship itself, as it exists at this moment, provides the survivable and mobile platform for those weapons systems.

The Tomahawk antiship and land-attack cruise missile is so new that the first ship will only receive it next year.

The Harpoon antiship cruise missile is the most modern available to the United States.

The other weapon systems are the same as those on our most modern combatants

MANPOWER

The argument has been made that with the current shortage of experienced Navy manpower we should use our scarce manpower resources on new and more effective ships.

The answer to this argument is two-fold. First, there are no new and more effective ships available. It takes from 5 to 7 years to build a new combatant and, therefore, there is no more effective ship than a battleship with modern weapon systems such as those planned.

The second answer to the manpower issue is that there is every likelihood that the *New Jersey* can be manned without harming the fleet.

The proposed crew of the *New Jersey* would represent less than three-tenths of 1 percent of the Navy's 500,000 personnel. The Congress has recognized the manpower problem and has taken effective action to solve the problem including:

The Nunn-Warner Bill;

The doctor's bill;

The 11.7 percent across-the-board pay raise;

The fair benefits package; and

Sea Pay.

Also, there are several manpower initiatives that are likely to be approved this year including further compensation initiatives and a GI bill.

The manpower trends have been positive in recent months. Retention of career personnel is up considerably and the return of prior enlisted personnel to the Navy has gone up from 800 a month to over 1,000 a month.

The Chief of Naval Operations has testified that the manpower requirements can be met.

SUMMARY

The reactivation of the *New Jersey* is a sound proposal. It will provide a highly capable ship in the near-term and at a modest cost.

The Administration supports this program, the Navy supports this program, and the Armed Services Committee supports it.

[From the U.S. News & World Report, May 4, 1981]

THE BEST WAY TO RESTORE REAL FIREPOWER TO OUR NAVY

Q. Mr. Secretary, why does the Navy want to reactive two old battleships built for action in World War II?

A. Because that is the best way quickly to restore real offensive firepower to our Navy. With battleships, we can do it faster, better and at far less expense than we could by any other means. A battleship is an impressive sight, but it is impressive because it can do so much damage to an enemy. The visual impact of a United States battleship on the horizon springs from its ability to put Soviet ships on the bottom of the sea and to put devastating firepower ashore—nothing else.

Q. Aren't battleships dangerously vulnerable in this age of modern, precision weapons?

A. The truth is just the opposite. These ships—the *New Jersey* and the *Iowa*—are as fast as any on the oceans today. They are as fast as our *Nimitz* aircraft carrier or Russia's *Kirov* battle cruiser.

They're also tougher than any ship in anybody's navy. They were built to hold up against Japanese naval gunfire—2,700 pound artillery shells from 18-inch naval guns fired at three times the speed of sound. That's a far more formidable threat than any conventional warhead the Soviets can throw against us. In the old days, you had to take hits and keep on fighting. That's the way these ships were built.

Q. If battleships are such good weapons, why not spend money for a new generation rather than on old vessels?

A. The expense of doing that is prohibitive. Nobody does it today, because it's so costly. The Soviets recently developed the first of a new class of battle cruisers, the *Kirov*. It is nuclear powered. It has big guns. It has cruise missiles. Duplicating the *Kirov*, building from the keel up, would cost us more than 2 billion dollars instead of the 326 million dollars we need to take the *New Jersey* out of mothballs.

Moreover, the *Kirov* isn't nearly as sturdy as the *New Jersey*, because the Soviets can't afford to build that class of ship any more than we can. So for less than a fifth the cost of a new battle cruiser, we get a stronger equivalent—and we can put it to sea in 21 months rather than the six years it would take us to build it from scratch.

Q. What kind of offensive firepower can these World War II vintage ships add to the American fleet?

A. For one thing, we will leave at least six of their 16-inch guns aboard. That is still a formidable strike system. Those guns can lob 2,700-pound warheads with a 22.9-mile range—and they have pinpoint accuracy. We can improve the effectiveness of those ships by going to rocket-assisted rounds that double the range to 50 or 60 miles for those guns.

We also plan to add a family of cruise missiles to them. Each battleship will have 32 Tomahawks and 16 Harpoons that can attack targets on land or at sea. They are the most effective weapons the U.S. has today. So actually, the *New Jersey* and *Iowa* would be transformed into fast, survivable platforms for state-of-the-art American technology.

Q. Why put cruise missiles on a few battleships rather than on a larger number of smaller ships?

A. We are going to put them on smaller ships. We have more than a hundred surface vessels now that are equipped to carry cruise missiles. We want to spread them as widely as possible. What makes the *New Jersey* and *Iowa* so attractive is we can load them up for a wide range of strike missions at sea and on land. They give us enormous flexibility.

Q. What role will these battleships play in overall American naval strategy?

A. Our naval strategy is to go back into the high-threat areas—the Persian Gulf, Eastern Mediterranean, the North Atlantic—and defeat the best the Soviets throw at us. The battleship can increase our firepower as part of a battle group and bolster our ability to keep fighting. That's what high-threat warfare is all about.

In Third World situations, a battleship can form the core of a new kind of battle group. Many targets in the Persian Gulf, for example, are well within range of those 16-inch guns alone—not to mention cruise missiles. You don't have to worry about the lucky shot from, say, a small gunboat or torpedo boat. If you get hit, it won't stop you.

Q. Where do you expect to get the sailors for these ships when you already are unable to man the existing fleet?

A. That "problem" is a red herring. We're talking about 1,500 officers and sailors to man the *New Jersey*—which works out to about three tenths of one percent of our naval enlisted force.

The battleships are relatively low-skill intensive, and our manpower problems today really involve the high-skill nuclear submariners, engineers, that sort of thing. In the context of our larger personnel requirement, we'll have no problem manning battleships.

Q Why is there so much opposition to your plan in Congress and elsewhere?

A We have a strange, misinformed coalition opposing us. There are traditional anti-defense voices who are against any defense initiative. They are not to be taken seriously, except they add to the din. The more serious criticism comes from advocates of stronger defense—who really want to build something brand new and shiny. Some think we should go for a new strike cruiser, and if it costs five times as much as recommissioning a battleship, so be it.

And then there are defense contractors. Many are badmouthing this idea. They say: "Gee, what we could do with that money—326 million dollars that is going into that old dinosaur of a battleship." The truth is that with that 326 million dollars, we could only buy 10 or 15 planes, or a small frigate.

COMPARISON OF IOWA CLASS BATTLESHIP WITH VIRGINIA CLASS CRUISER

The *Virginia* class cruiser is the non-aircraft carrier surface ship most comparable to the *Iowa* class battleship.

Virginia class cruiser, *Iowa* class battleship:

Full load displacement, 9–10,000 tons, 50–58,000 tons.

Propulsion, 2 nuclear reactors/2 engines (shafts), 8 600 PSI steam boilers/4 engines (shafts).

Endurance, unlimited, 14,500NM.

Speed, 30+ knots, 30+ knots.

Cruise missiles, 8 Harpoon for anti-surface. Modest Tomahawk potential (less than 10), 8 Quad Tomahawk (32 missiles), 4 Quad Harpoon (16 missiles).

Guns, Two 5''/54, nine 16''/50; up to twenty 5''/38 guns.

Anti-air, Tartar guided missile system, 4 close-in weapons systems. Electronic warfare suite. Area anti-air provided by other ships in company.

Command and control, NTDS, NTDS-receive.

Survivability, ½'' steel hull (single), no armor, double bottom, excellent damage control, medium engineering redundancy, aluminum superstructure, 12'' armor belts (three to four hulls in) up to 17'' high tensile steel hull armor. Triple bottoms, excellent damage control, high engineering redundancy, heavily armored steel superstructure.

Cost (FY 82$), $1200–$1600 million, $323 million.

Future growth, constrained by physical characteristics, explained aviation facilities. Vertical launching systems for cruise or other missiles. Area AAW.

DEPARTMENT OF THE NAVY,
Washington, D.C., May 18, 1981.

Hon. JOHN G. TOWER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR TOWER: Last week the Senate Appropriations Committee denied the President's proposal (FY–81S) to reactivate the first *Iowa* Battleship. The reactivation has been authorized for FY–81 and the House has approved the appropriation. The purpose of this letter is to convey our need for your continued support. The Battleship initiative is a most critical issue. Currently, the Navy only has twelve offensive surface ships capable of dominating any ocean area—the twelve deployable aircraft carriers. The next size ship, cruisers, are 9,000 tons and are primarily defensive ships. We have a need for highly survivable ships that can carry cruise missiles, and support forcible entry, a task made to order by the *Iowas'* sixteen-inch guns and their other inherent capabilities. Our global commitments have expanded radically over the past year with the need for presence in the Indian Ocean, and particularly with recent events which necessitated moving a carrier group out of the Indian Ocean. This short-term initiative is critically needed—our Navy is stretched too thin.

The critics of this proposal focus on the "antiquity" of these ships, among other things. I would like to dispel that notion. There has been a basic misunderstanding as to the differences between service age (i.e. years and months in active commission) and "age since construction". A ship that is in the active fleet—often steaming or in an operational environment will, despite periodic overhauls, definitely age. Hull problems develop, wiring and piping must be replaced and major machinery wears out. Sooner or later the cost of completely replacing these systems becomes non-competitive with new construction. I should emphasize that this entire process is based on *service age*. *New Jersey*, for example, with a service age of just over 13 years is, considering her hull and machinery, one of the "youngest" large ships in the Naval inventory. It is younger than the average Fleet ship. In fact, if *New Jersey* were to be included in a ranking of the Navy's active fleet aircraft carriers by service age, she would place 4th out of the 14 ships. Other critics state that the ship is too slow. In fact, it is among the fastest. They are faster than most Navy ships and can keep pace easily with our nuclear carriers and cruisers. In the heaviest weather they are the only ships, because of their extraordinary stability, that can keep up with nuclear carriers. The battleships can steam 14,000 miles without refueling (at 15 kts.).

In my letter to Senator Cohen of 2 April 1981 I stated that we have a firm configuration for Phase I of USS *New Jersey*. For review, we intend to:

Upgrade habitability.

Update radars by adding the SPS–49 Air Search Radar.

Provide 2–4 helo spots aft.

Convert to Navy distillate fuel.

Add:

Sewage collection capability.

Eight armored box launchers for Tomahawk (32 missiles).

Four Quad Cannisters for Harpoon (16 missiles).

Four Close in Weapon Systems.

AN/SLQ-32 Electronic Warfare System.

Modernized communications.

Our estimate of the total cost of reactivation and modernizing USS *New Jersey* is $326M SCN and $3M RDT&E. We are requesting $89M SCN/$3M R&D in FY-81S and the remainder of the funds in FY-82. We are most confident of this cost estimate. The basis for this confidence is as follows:

Known condition of the ship (excellent).

Known costs for modernization (weapons systems) which is more than ⅓ of the cost.

Experience gained from the last reactivation.

We are so confident of this estimate that I will commit to reactivation/modernization of *New Jersey* in a West Coast Shipyard for a top price of $326M SCN/$3M R&D. I will assign a top priority to this effort in execution. I am firmly committed to this effort and need your continued support.

Sincerely,

JOHN LEHMAN,
Secretary of the Navy.

Mr. WARNER. Mr. President, the Armed Services Committee has reviewed this matter very carefully. Members of the committee and members of the committee staff have visited both the U.S.S. *New Jersey* and the U.S.S. *Iowa*. They are both in remarkably good shape. The taxpayer's money which was spent to preserve these ships was money well spent. A valuable asset was preserved and now is the time to use that asset. Our naval forces are spread thin and this ship could provide a much-needed addition of offensive power and military presence.

Every Member of the Senate should remember that the *Iowa*-class battleships were the most powerful and survivable ships of their day. They are still highly survivable and powerful and they will be made more so by the addition of modern high-technology weapons systems.

Under the plan approved by the Armed Services Committee and the full Senate, the *New Jersey* will be modernized with: 32 Towahawk Cruise missiles (300 to 900

mile range); 16 Harpoon antiship missiles; 4 close-in weapons systems—automatic rapid-fire antiair guns.

The ship will retain her powerful and accurate 16-inch guns which fire 2,700 pound shells, and also up to 20 5-inch guns.

Mr. President, over the past few months, we have heard a great deal about the need for eliminating waste and inefficiency in the Defense budget.

I agree wholeheartedly with that view. The American people want a stronger defense, but they also want to be assured that increased money for defense is well spent.

Mr. President, reactivating the U.S.S. *New Jersey* is a way to get maximum efficiency out of defense dollars. For the price of a small frigate, we can get a highly survivable and combat-capable major surface ship. If we tried to build a new ship like this, it would cost far in excess of a billion dollars.

We can also get this ship back into service quickly. With 6 months of planning and 15 months of shipyard work, the *New Jersey* can be ready for sea duty.

Mr. President, reactivating and modernizing the *New Jersey* makes good sense. It will provide much-needed combat capability in the near term.

I urge my colleagues to again support funding for the battleship as was done in this Chamber barely 6 weeks ago.

Mr. WARNER. Mr. President, as I say the last few words in this forceful exchange between people of strong wills, I would like to close with a bit of naval history. I draw to the attention of my colleagues the debate that occurred on April 7, 1981 in this Chamber. On that day, by a vote of 69 to 23, the Senate approved the reactivation of the *New Jersey*. During that debate the distinguished Senator from Rhode Island, the former Secretary of the Navy, commented on the combat effectiveness and the cost effectiveness of the U.S.S. *New Jersey* during her service off the coast of Vietnam in 1968 and 1969. At that time the distinguished Senator said:

This ship proved ineffective in the mission for which it was designed, ineffective in the Vietnam War.

Mr. President, I have researched the records of the Office of the Secretary of the Navy, and I would like to read to you a citation from the Secretary of the Navy to the officers and the men of the *New Jersey*, special commendation for meritorious service from September 17, 1968 to April 11, 1969:

The Secretary of the Navy takes pleasure in commending U.S.S. *New Jersey* (BB-62), for service as set forth in the following Citation:

For exceptionally meritorious service from 17 September 1968 to 11 April 1969 while engaged in operations against enemy aggressor forces in the waters contiguous to the coastline of North Vietnam and the Republic of Vietnam. Serving five tours as a much sought-after Naval Gunfire Support Unit, USS NEW JERSEY was a major contributor to the unique SEA DRAGON operations, during which time she fired a total of 641 highly successful main and secondary battery missions. Her highly accurate and overwhelmingly destructive fire compiled an impressive record of damage to enemy troops, artillery and coastal defense sites, structures, hardened bunkers, ammunition dumps and supply storages. In addition, NEW JERSEY's massive fire power was credited on several occasions with preventing a numerically-superior enemy force from overrunning United States Marine positions near the Demilitarized Zone, thereby saving countless American lives. Such outstanding performance once again illustrated the vital role of major-caliber naval guns in support of friendly forces ashore. When engaged by enemy shore batteries on two separate occasions, the crew of NEW JERSEY demonstrated superb professionalism and fully developed teamwork in carrying out highly effective maneuvers to avoid the fall of shot while simultaneously delivering devastatingly accurate counterbattery fire. The superior technical acumen, battle efficiency, spirit of cooperation, and aggressive leadership displayed by the officers and men of USS NEW JERSEY reflect great credit upon themselves, their ship, and the United States Naval Service.

All personnel attached to and serving on board USS NEW JERSEY (BB-62) during the above-designated period, or any part thereof, are hereby authorized to wear the Navy Unit Commendation Ribbon.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. All time has expired.

Mr. CHAFEE. Mr. President, the majority leader said we would have additional time, and I ask unanimous consent for 1 additional minute.

Mr. TOWER. Mr. President, reserving the right to object——

Mr. CHAFEE. I ask unanimous consent.

Mr. RIEGLE. Mr. President, reserving the right to object, if this becomes a pattern, I will object.

Mr. TOWER. Mr. President, reserving the right to object, will the Senator amend his request to 1 minute for him and 1 minute for the proposer of the amendment?

Mr. CHAFEE. I will make it 30 seconds in my request.

The PRESIDING OFFICER. Thirty seconds for each side. Is there any objection? The Chair hears none, and it is so ordered.

Mr. CHAFEE. Mr. President, we have just had read a long commendatory citation for the *New Jersey*. I ask who signed that?

Mr. WARNER. Mr. President, I wish to say it was signed by JOHN W. WARNER, Acting Secretary of the Navy in the absence of the Secretary, Mr. CHAFEE, who was out of town. [Laughter.]

Mr. CHAFEE. Mr. President, if I have ever heard of a self-serving document that is it. He signed it when I was out of town because I would have looked at it very carefully. [Laughter.]

Mr. WARNER. Mr. President, I would also like to insert in the RECORD a letter and enclosure from Secretary of the Navy John Lehman addressing the issues of the combat effectiveness and cost effectiveness of the *New Jersey* during her service off the coast of Vietnam.

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

DEPARTMENT OF THE NAVY,
Washington, D.C., May 19, 1981.

Hon. JOHN W. WARNER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WARNER: This responds to your letter of April 10, 1981, requesting information on the battleship NEW JERSEY.

We have researched the records from your tenure as Secretary and Under Secretary of the Navy. Some materials concerning NEW JERSEY were located, but none which address the specific topics of your colloquy with Senator Chafee. To provide the information you require, I am enclosing fact sheets on the ship's combat effectiveness and the circumstances of her inactivation. Additionally, supporting documentation and the citation for the Navy Unit Commendation which are attached may prove useful.

Two misconceptions seem to surface frequently concerning the proposal to reactivate the IOWA-class battleships. The first of these is that the ships are almost forty years old and thus unfit for service. In fact, the ships average only 10.7 steaming years and easily possess 15–20 years of additional service life. A second related criticism is that the combat systems in the ships are antiquated and irrelevant in the current threat environment. The Navy intends to modernize these ships with state-of-the-art weapon and electronic equipment while retaining the 16-inch gun battery, which continues to be a highly desirable asset. In this configuration, the battleships will be a powerful and credible addition to the fleet.

Your continuing support of the Navy, and particularly your efforts in this matter, are deeply appreciated.

Sincerely,

JOHN LEHMAN,
Secretary of the Navy.

FACT SHEET

Combat Effectiveness of USS NEW JERSEY (BB-62).

The following excerpts are from analysis of after action reports:

"Spotter and troops reports state that 16" naval gunfire is a successful supporting arm for ground forces because of its accuracy, penetrating ability, tightness of pattern, size of shell explosion, size of secondary explosion, and the effect on morale of the supported troops."

"For approximately equal firing days and number of rounds of ammunition expended in missions reporting Gun Damage Assessment, the battleship inflicted over five times the damage reported by heavy cruisers, and expended less than one-half of the number of rounds per bunker destroyed or damaged."

"Of the 150 missions fired by the battleship 16" guns, 65% were fired beyond the range that an 8" cruiser could fire from the same geographical position."

"Certain other targets struck and damaged by 16" gunfire were reported by ground forces as impenetrable to artillery and air strikes, including B-52 bombings."

". . . a significant advantage has been obtained from battleship deployment to SEASIA."

COST EFFECTIVENESS

As a complement to air strikes, naval gunfire has the advantage of being a "gap filler," able to strike around-the-clock, in periods of poor visibility, and against many hard targets not easily destroyed by other forms of attack. The 16" battleship is more cost effective than an 8" cruiser because:

The relative damage caused by a single one-ton 16" shell is almost four times that of a 300-pound 8" shell.

Greater maximum range (20 nautical miles vs 15).

Less susceptible to damage (armor plating:

11" on deck, 19" on sides vs 2.4" on deck, 5.8" on sides of CA).

Endurance is 50% greater (fuel).

Psychological impact on friend and foe is greater.

More responsive to troop needs ashore (large projectile does the job instantly, whereas a string of lesser caliber projectiles takes longer).

The employment of NEW JERSEY was cost effective in terms of providing an additional all weather delivery capability for heavy ordnance against North Vietnam. Additionally, NEW JERSEY's successful gun strikes represented unknown savings in lives and aircraft that might have been lost to North Vietnamese forces defending the targets she took under attack.

BATTLESHIP VS CRUISER

	BB	CA
Range of main battery (yds)	42,000	30,400
Weight of MB projectile (lbs)	1,900	260
Weight of explosive (lbs)	154	21
Side armor (inches)	19	5.8
Deck armor (inches)	11	3.4
Crew	1,500	1,100
Targets in NVN within range of guns (10 fathom curve)	700	430

FACT SHEET

INACTIVATION OF NEW JERSEY

USS NEW JERSEY was inactivated as part of the program announced 21 August 1969, by the Secretary of Defense which resulted in the inactivation of numerous ships and aviation units. When the restriction was placed on offensive actions directly against North Vietnam, this limited NEW JERSEY's operations to that of providing naval gunfire support in South Vietnam. While still a very desirable asset in this capacity, the combination of heavy artillery support and cruiser and destroyer gunfire support in South Vietnam operations reduced the requirement for the large naval guns of NEW JERSEY. In addition, the substantial cost involved in operating and maintaining a ship of this size and the requirement to effect expenditure reductions led to the decision to inactivate NEW JERSEY.

The Secretary of the Navy takes pleasure in commending USS NEW JERSEY (BB-62), for service as set forth in the following citation:

For exceptionally meritorious service from 17 September 1968 to 11 April 1969 while engaged in operations against enemy aggressor forces in the waters contiguous to the coastline of North Vietnam and the Republic of Vietnam. Serving five tours as a much sought-after Naval Gunfire Support Unit, USS NEW JERSEY was a major contributor to the unique SEA DRAGON operations, during which time she fired a total of 641 highly successful main and secondary battery missions. Her highly accurate and overwhelmingly destructive fire compiled an impressive record of damage to enemy troops, artillery and coastal defense sites, structures, hardened bunkers, ammunition dumps and supply storages. In addition, NEW JERSEY's massive fire power was credited on several occasions with preventing a numerically-superior enemy force from overrunning United States Marine positions near the Demilitarized Zone, thereby saving countless American lives. Such outstanding performance once again illustrated the vital role of major-caliber naval guns in support of friendly forces ashore. When engaged by enemy shore batteries on two separate occasions, the crew of NEW JERSEY demonstrated superb professionalism and fully developed teamwork in carrying out highly effective maneuvers to avoid the fall of shot while simultaneously delivering devastatingly accurate counter-battery fire. The superior technical acumen, battle efficiency, spirit of cooperation, and aggressive leadership displayed by the officers and men of USS NEW JERSEY reflect great credit upon themselves, their ship, and the United States Naval Service.

All personnel attached to and serving on board USS NEW JERSEY (BB-62) during the above-designated period, or any part thereof, are hereby authorized to wear the Navy Unit Commendation Ribbon.

Mr. STEVENS. Mr. President, this first phase will take care of the eight armored box launchers, but if it gets to the point where the 100 Tomahawks are to be launched, they have to be part of a second phase which will cost us over $1 billion. Will not the Senate let us study that? That is what we want to study.

We should have that in the full 1982 Department of Defense appropriation bill. That is the place to look at it. Why start this in a supplemental when it was rejected in 1981 already? It is not an emergency. We do not even have the study, that was made by the Navy itself, before us. It is still in Bremerton and has not even come in. Let us at least look at the study of what are the defects in this vessel before we vote money to reactivate it.

A BEHEMOTH ON OUR SIDE

Mr. DOLE. Mr. President, the battleship is the behemoth of the seas. Its monstrous size and power, delicately and intelligently directed by its crew, make it a living symbol of the will and commitment of the American people. Its message can never be denied by those who witness its awesome arrival on the scene in times of trouble or conflict. The military magnitude of its capabilities is as hard to comprehend for the average citizen in the street as is the fury of the explosion of a single atomic bomb. Yet, no one who comes upon a battleship, in port or underway, and is dwarfed by its size and the sight of the aggressive determination of its main batteries, can help but feel—from some primeval source deep inside himself—that he is in the presence of unimagined power.

There are some who deny their gut instincts and question whether the battleship is unwieldy in the modern world, too much of a drain on our limited personnel resources and vulnerable to the new missiles. It seems to me these critics do not understand the mission of the military, nor the nuances of power. Their arguments are spurious. We are moving toward a 600-ship Navy; in the near term our personnel problems are not going to be solved by the addition or deletion of a battleship's crew to our force requirements. In fact, the heightened morale and pride in serving in *New Jersey* during the Vietnam war made its crew at the time an elite within the surface Navy, and undoubtedly enhanced overall fleet effectiveness.

THE VULNERABILITY AND AGE ISSUE

The *Iowa* class battlewagons, modernized as they are reactivated, will be considerably less vulnerable to attack than most other naval units. In addition to modern electronic countermeasures, radars and missiles, these ships with their heavy armor plate and damage control design will be able to withstand direct hits much better than our other ships of the line. No ship in the world, it has been said, exhibits the armor and systems redundancy of an *Iowa* class, and in conjunction with the expected air protection that any naval plan calls for in use with any major combatant, it should be remembered that no battleship of any nation was ever sunk by aircraft or ship while being provided air cover.

As C. E. Myers, Jr., points out in "The Value of the 'Iowa' Class Battleship," the operational history of the German *Bismarck* during World War II is worth reviewing on the vulnerability issue:

Although eventually sunk, the required action absorbed the entire British Atlantic Naval Force for days. That single battleship roaming the Atlantic was an intolerable threat. . . . Imagine the threat of four Iowa derivatives with modern weapons (deployed in modern battlegroups)! Although not invincible, they provide a stalwart base from which to propose an operational concept.

Mr. President, the facts are that *New Jersey* is in excellent condition—it is not even a very old ship in terms of active service life. There are, in fact, active naval ships built before World War II that have been in continuous service to the present day, and I predict the battleships could serve another three decades if circumstances required. *New Jersey* can be brought back into service in less than 2 years with an updated weapons package including Tomahawk cruise missiles, Harpoon antiship cruise missiles, the Phalanx close-in weapons system, and modern electronic warfare, radar and communications equipment. It would be the most survivable ship afloat.

The cost of bringing such a tremendous asset as *New Jersey* on line is a bargain we are not likely to see again. Modernization and refurbishment will cost no more—and enter the fleet far sooner—than building a new destroyer. In a bipartisan recognition of our naval needs, and the offensive capability and bargain *New Jersey* represents, President Carter's Undersecretary of the Navy, Robert J. Murray, recently called to "bring back the battleships" on the editorial pages of the Washington Post. President Reagan's new Navy Secretary, John Lehman, has said the battleship was "the quickest and most cost-effective way to get more near-term naval muscle to sea in the mid-1980's."

THE AMERICAN "PRESENCE"

Mr. President, on simply rational grounds the funds for this battleship can be amply justified. But, in war there is so much more that counts in the final balance than what can appear in ledger books or force projection charts. As the need has gradually been recognized for a better defense posture and increased spending on the military, we have come to talk blithely of rapid deployment forces and a U.S. naval presence in faraway regions of crisis. In the battleship we have the embodiment of American will and purpose that, in the profoundest sense, defines what we mean by "presence." Let us bring back these mighty

instruments of power and let our enemies, and those who would be swayed by our enemy's strength, stand in awe of *New Jersey, Iowa, Wisconsin, Missouri*, and of our commitment to defend our freedom.

Mr. BRADLEY. Mr. President, I will vote to support restoration of funds to reactivate and modernize the U.S.S. *New Jersey*. I do so because I believe the reactivation has considerable near term potential for increasing our defense capabilities. Equally important, this program represents a new direction in our defense planning and as such, it is a promising start toward developing nontraditional solutions to meeting our military needs.

But it is at present no more than a promising start. Realizing the *New Jersey's* full potential in a cost effective manner also requires that it be equipped with a vertical launch system and many times more cruise missiles than what is currently being proposed.

Thus, while I will vote to restore funds in the 1981 supplemental appropriations bill, my continued support for this program will depend on my receiving concrete assurances that its offensive potential will be fully and timely realized.

Mr. HOLLINGS. Mr. President, I am pleased to cosponsor with Senator TOWER the amendment supporting the Navy's initiative for the reactivation of the U.S.S. *New Jersey* battleship. The need for a dramatic upgrading in fleet capability should not be questioned. We can wait no longer.

Over the past 10 years, the Navy's ship force levels have decreased from approximately 900 ships to the 475 ship Navy of today. The emergence of the Indian Ocean/Persian Gulf area as a major region of political instability—together with the continuing need for U.S. reliance on the area for its oil needs—have placed severe new demands on our Navy. We are faced with a requirement to cover three oceans with a diminished naval capability—while at the same time, the Soviets are greatly expanding their seapower forces and capability.

This proposed action by the Navy should be further applauded because it recognizes the feasibility of satisfying expanding mission needs by the modernization of an existing ship platform in a very timely manner instead of spending hundreds of millions in additional dollars over a much longer period of time with no significant gain in capability.

I have heard all the criticisms against the Navy's actions. The wolves are moving in for the kill against a so-called gold-plated, hare-brained Pentagon scheme ot gobble up millions of dollars. To its critics, the *New Jersey* is a turkey—there for the roasting. Well, it is time to put out the fire once and for all and build up our naval strength—not fight against it. What do the opponents say against the *New Jersey*? It is over 30 years old. The cost estimate for reactivation—$325 million—is about $75 million too low. It will be vulnerable and would only be a World War II battleship with no place in our modern fleet. There will be manpower problems. The Navy has other, more important priorities.

I simply do not agree with these views and I believe the Senate should emphatically reject them as it similarly rejected a move in April to stop the *New Jersey* by a vote of 69 to 23.

Let me describe the facts and not the myths about the *New Jersey*.

The ship is not old. It has seen only 162 months in service including only 51 months in three wars. So, it has had 13 years of service and has another 15 to 20 years of anticipated service life. These facts belie the statement about the ship's age.

It can be reactivated for about $325 million—the cost of a new frigate with a much diminished capability—in roughly 2 years. This includes ship alterations and upgrading for modern weapons. To build a new ship with similar firepower as the *New Jersey* would cost about $2 billion and take at least 7 years.

There is no reason to doubt the reasonableness of the cost estimate. The Navy has the experience of the last reactivation of the ship in 1968. It has maintained the logistics base for machinery and the ship was laid up with full spares. Simplicity of design was a major engineering feature when the ship was constructed.

The Navy Board of Inspection and Survey found in 1977 that the hull and machinery were in excellent condition and proclaimed the ship "fit for further service."

The question about the vulnerability of the *New Jersey* is not a legitimate one. Vulnerability can be considered in three aspects: First the ability to destroy the enemy platform—offensive weaponry; second the ability to defeat incoming weaponry before it hits—defense weaponry; and third the ability to withstand hits.

In terms of offensive weaponry the *New Jersey* will have the following: The Tomahawk land and ship cruise missiles, Harpoon missiles, and nine 16-inch guns. These weapons would provide the most formidable combination available in the world.

Defensive measures, vis-a-vis attack from "above or below", would be provided by escorts—exactly in the same way our carriers are currently protected—along with self-defense weaponry provided for in the proposed electronic and weapons suite.

The *New Jersey's* ability to withstand hits is superlative—Navy vulnerability studies show that the *New Jersey* is far superior to current world ships owing to: 12–16 inch armor plating; double and triple bottoms; a high tensile steel hull; exquisite compartmentalization: and high redundancy and ruggedness of ship's systems.

The Navy would not wind up with a "World War II BB" but a strike ship with enormous firepower available through her existing armament and the breakthrough that cruise missiles technology offers along with the future potential to carry VSTOL aircraft and helicopters.

As far as the manpower issue is concerned, it transcends the battleship issue. To quote the chief of naval operations:

> If we do not solve the retention problem, manning up reactivated battleships will be the least of our problems . . . I believe we should always size and procure our forces to carry out the essential tasks of our national strategy. To size forces to perceived, but remediable, manpower constraints is poor planning and bad strategy. I am confident that we can man the battleships if we attend promptly and adequately to those aspects of military compensation which we know are driving excessive numbers . . . out of the Armed Forces today.

Mr. President, in terms of service, the *New Jersey* is young. The expanding naval role in the Indian Ocean is stretching our carriers to the limit. The introduction of cruise missiles and other modern weapons, along with the 16-inch guns on the *New Jersey* make the ship an ideal, quick, and reliable answer to a real problem facing the Navy. This ship would be a superb complement to a carrier task force.

The cost to build a new ship with the *New Jersey's* capability is far too costly and would take years to place in the fleet. Reactivating the *New Jersey* and equipping it with modern weapons costs less than a frigate and takes less than 2 years to complete—at low risk. This ship would be the equal to any battle cruiser the Soviets will display in the next decade. The Senate should provide the funds as soon as possible to get the *New Jersey* underway.

Mr. MITCHELL. Mr. President, I will oppose the pending amendment to reinstate over $300 million for the purpose of bringing the battleship *New Jersey* back into operation.

No one in this Senate believes more sincerely than I in the imperative need to increase our naval forces. The naval strength of this Nation has always been our first line of defense and if we are to retain a credible defense effort, our naval forces must remain strong and credible. I will support as I have in the past every effort to augment that strength and maintain it.

But this amendment, to bring back into operation a battleship of this age—a 38-year-old vessel—in the world of the 1980's, where it provides an expensive and vulnerable target to potential enemy attack, will not increase our naval strength. It will create a new and needless weakness.

I believe that part of our rebuilding of the naval strength of the Nation must be concentrated on a survivable submarine fleet. I would infinitely prefer to see these funds used to build submarine cruise missile carriers, for these are indeed the weapons of the 1980's, and the weapons that will persuade potential adversaries and allies alike that American naval strength will be maintained.

Mr. President, I am also very disturbed about the fact that the sponsors of this amendment propose to fund the *New Jersey's* overhaul with moneys which are now slated to be spent on the guided missile frigate program and the nuclear attack submarine program. Such a diversion of funds is, in my judgment, extremely unwise.

Proponents of the *New Jersey* amendment would delete $53,800,000 from the frigate construction effort.

What sense is there in transferring moneys from one of the Navy's finest vessel procurement efforts to an endeavor about which so many questions have been raised?

This body has increased the frigate construction authorization by three ships, bringing the fiscal year 1982 total to six. It did so because the FFG is one of the finest vessels in our fleet for the money invested. At a time when we are trying to increase the number of quality surface combatants in the Navy, should we be diverting funds from a proven program to one which we know very little about?

Another program which will be negatively impacted by the pending amendment is the nuclear attack submarine program. In an effort to expand its production base, the Navy is currently considering the possibility of involving a naval shipyard in the SSN-688 new construction program. Why? Because the Navy recognizes that this country needs more SSN-688's over the next several years than the two private yards now building the vessels can produce.

If we want to support our Navy, if we want to augment the existing fleet with vessels for which there is a proven, well-established need, we should follow the Appropriations Committee's recommendation and not divert $9,800,000 from the nuclear attack submarine account to the *New Jersey* rehabilitation effort.

Mr. President, I urge my colleagues to oppose the *New Jersey* amendment.

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the amendment of the Senator from Texas.

Mr. STEVENS. 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.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas. 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 Maryland (Mr. MATHIAS) and the Senator from South Dakota (Mr. PRESSLER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Connecticut (Mr. DODD), and the Senator from South Dakota (Mr. LONG) are necessarily absent.

The PRESIDING OFFICER. Is there any other Senator in the Chamber who wishes to vote?

The vote was announced—yeas 61, nays 34, as follows:

[Rollcall Vote No. 125 Leg.]

YEAS—61

Armstrong	Byrd, Robert C.	Denton
Biden	Cannon	Dixon
Boren	Chiles	Dole
Boschwitz	Cochran	Durenberger
Bradley	Cohen	East
Burdick	D'Amato	Ford
Byrd, Harry F., Jr.	Danforth	Garn
	DeConcini	Glenn
Gorton	Jackson	Sasser
Grassley	Jepsen	Simpson
Hart	Kassebaum	Specter
Hatch	Kasten	Stafford
Hawkins	Laxalt	Stennis
Hayakawa	Levin	Symms
Heflin	Lugar	Thurmond
Heinz	Melcher	Tower
Helms	Murkowski	Wallop
Hollings	Nickles	Warner
Huddleston	Nunn	Williams
Humphrey	Percy	Zorinsky
Inouye	Quayle	

NAYS—34

Abdnor	Johnston	Pryor
Andrews	Kennedy	Randolph
Baker	Leahy	Riegle
Baucus	Matsunaga	Roth
Bumpers	Mattingly	Rudman
Chafee	McClure	Sarbanes
Cranston	Metzenbaum	Schmitt
Domenici	Mitchell	Stevens
Eagleton	Moynihan	Tsongas
Exon	Packwood	Weicker
Goldwater	Pell	
Hatfield	Proxmire	

NOT VOTING—5

Bentsen	Long	Pressler
Dodd	Mathias	

So Mr. TOWER's amendment (UP No. 115) was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, I would like to commend Chairman HATFIELD and the entire committee for this fiscal year 1981 supplemental appropriations and rescission bill. The committee has not only met but exceeded the savings mandated in its reconciliation instruction. In addition, the reported bill is within the revised fiscal year 1981 ceilings just agreed to by the House and Senate budget conferees.

Rescissions in this Senate-reported bill total $15.3 billion in budget authority and $1.7 billion in outlays. These recommended rescissions, together with the cut in the loan limitation for the Export-Import Bank, result in savings of $2.5 billion in budget authority and $200 million in outlays greater than the fiscal year 1981 savings that the Senate instructed the committee to achieve.

In approving these rescissions, the Senate will complete the first stage of a complex process that will lead to actual implementation of the budget reductions required by section 302(a) of the reconciliation instructions in our budget resolution conference agreement.

Until now we have been voting for targets, for ceilings, and for instructions. The rescissions contained in this bill take us another step. They will actually reduce existing appropriations. These are real, honest-to-goodness cuts in spending.

Mr. President, as I have said, this bill is within the revised fiscal year 1981 second budget resolution ceilings just approved by the House and Senate budget conferees. There is no room for any further increases however. The net effect of this bill, if enacted, and additional requirements for entitlement programs not yet funded, would leave us only $3.2 billion in budget authority and $600 million in outlays short of the fiscal year 1981 budget resolution ceilings. Probable later funding requirements for the airport and airway development and food stamp programs would leave us only $2.2 billion in budget authority and $200 million in outlays short of these budget ceilings. This allows us little breathing space. If a major disaster strikes, if our interest rates assumptions prove too low, or faster spending than anticipated occurs, outlays could easily rise to fill this gap, placing our budget ceilings in jeopardy.

For these reasons, Mr. President, I will not support any amendments to add additional funds to this bill. There is simply no room.

Again, I commend the chairman and members of the Appropriations Committee. This bill is an indication that Members of the Senate are willing to make the sacrifices necessary to bring about fiscal solvency. I urge its adoption by the Senate.

1981 SUPPLEMENTAL APPROPRIATIONS FOR LWCF/PINELANDS

Mr. BRADLEY. Mr. President, in the southern part of New Jersey, America's most urbanized State, is a unique national treasure—the one-million acre Pinelands National Reserve. The Pinelands National Reserve was created by Congress in the National Parks and Recreation Act of 1978 (P.L. 95-625). The Federal law acknowledges the unique natural aspects of the area and the importance of its preservation for the value of the wildlife, the vegetation and the water resources. Section 502 of Public Law 95-625 describes these resources in more detail:

> The pinelands area comprises pine-oak forests, cedar swamps, and extensive surface and ground water resources of high quality which provide a unique habitat for a wide diversity of rare, threatened and endangered plant and animal species and contains many other significant and unique natural, ecological, agricultural, scenic, cultural and recreational resources; that the continued viability of such area and resources is threatened by pressures for residential, commercial and industrial development; that the protection of such area and resources is in the interests of the people of this State and of the Nation; that such protection will require the coordinated efforts of all relevant municipal, county, State and Federal agencies . . .

I commend my colleague, the distinguished Senator from Idaho, for his role in formulating this legislation.

Public Law 95-625 also requires the Interior Department to provide financial and technical assistance to the State of New Jersey for the Pinelands. A State statute, the Pinelands Protection Act of 1979 provides for implementation of Section 502 of the Federal law. Pursuant to these Federal and State laws the Pinelands Commission was formed in 1979 to develop a comprehensive land use plan for the region. On August 8, 1980 regulations became effective which were proposed by the Commission for protection of the core area which is the most fragile ecologically. Subsequently, the Commission's Pinelands comprehensive

Management Plan was approved by New Jersey's Governor and on January 16, 1981 by the Secretary of the Interior.

The Pinelands National Reserve legislation of 1978 authorized $26 million. Congress appropriated $12 million for the Pinelands. $800,00 of these funds have been obligated by the Pinelands Commission for planning purposes. $8.250 million has been obligated to purchase the Cedar Creek land parcel—approximately 11,000 acres in Ocean County. These funds are shared on a 75 percent Federal or 25 percent State basis. $2.9 million remains to be obligated from the appropriated amount. The New Jersey State Legislature has already appropriated $14 million for the Pinelands Reserve. The proposed recission of $105 million in the Land and Water Conservation Fund in fiscal year 1981 puts the $2.9 million in jeopardy and thus hampers State completion of a federally mandated program.

For this reason I am pleased that my colleague from Idaho and his fellow committee members reported H.R. 3512 to include fiscal year 1981 funding for the State and Federal portions of the Land and Water Conservation Fund. The fund is a source of financing to conserve our national heritage for present and future generations. I firmly agree with the late John Kennedy who said:

> It is our task in our time and in our generation to hand down undiminished to those who come after us, as was handed down to us by those who went before, the natural wealth and beauty which is ours.

Representing one of our great urbanized States, I know well the importance of access to beautiful and inspiring natural settings. My colleague from the West can understand how important a resource parkland is to all Americans and how particularly precious a respite parkland becomes to urban dwellers.

Mr. McCLURE. My colleague from New Jersey expresses well my appreciation for the value of preserving our natural and recreational resources and my recognition of the special importance of parkland in our urbanized areas.

Mr. BRADLEY. What was the intent of the Senate Appropriations Committee in reducing the proposed rescission for funding of the Land and Water Conservation Fund?

Mr. McCLURE. The committee report states that the intent is to alleviate hardships which would occur without funds for acquisition especially in the case of State programs where acquisitions are in process.

Mr. BRADLEY. When Congress established the 1 million acre Pinelands Reserve in southern New Jersey the plan called for Federal acquisition of a small portion of the land as critical to preservation and protection of the reserve. The process which has begun can be continued with money appropriated in fiscal year 1981 for Federal acquisition from the Land and Water Conservation Fund. Would the Pinelands reserve program, as you understand it, meet the requirements to be eligible for hardship consideration?

Mr. McCLURE. We recognize that the Pinelands National Reserve is a unique area, in terms of the ecosystems it supports and in terms of the water supply reserves it protects. It is also unique in the degree of State level involvement, in that the State management plan will regulate the bulk of the reserve without the need for land acquisition. It also provides for State maintenance of those lands acquired. We expect that these features will be included in the factors which will be considered by the administration in determining hardship cases.

However, funds are limited this year, as you know. The $2.9 million required in fiscal year 1981 for Pinelands will certainly be a candidate for consideration, although it will undoubtedly be in very stiff competition from other States.

For example, legislative taking and condemnation cases, where court awards may be ordered, or cases where the pattern of acquisition leads to the conclusion that it would be a hardship to cease acquisition at this time will be considered. However, you may be assured, Senator, that no commitments have been made at this time, nor do I want to make any at this time. I am sure that you understand the need to refrain from making commitments even before the amount is resolved in conference.

● Mr. HUDDLESTON. Mr. President, I congratulate my distinguished colleague from North Dakota for the outstanding job he has done in bringing the transportation chapter of this bill to the floor.

I am particularly pleased that the Appropriations Committee has seen fit to restore some $40 million of the $80 million rescission proposed by the President in the local rail service assistance program. There is no doubt that the committe's actions, which parallel the House recommendations, will allow a much more orderly dismantling of this program.

Also, this $40 million should assure that those worthwhile projects that were online to receive funding in fiscal year 1981 will be able to obtain funding in an expeditious fashion.

Is it the understanding of my colleague that the $40 million restored by the committee will allow worthwhile projects to move forward without interruption?

Mr. ANDREWS. Yes, that is my understanding.

Mr. HUDDLESTON. There is a rehabilitation project in my State, the Louisville and Nashville Railroad line running between Lebanon and Kane, Ky., near Campbellsville, that I would like to bring to the attention of the chairman of the subcommittee. It is my view that the Campbellsville project, which is at the top of the State's priority list, is exactly the kind of project that the $40 million in question is intended to be used for.

The project is in fact, a rehabilitation project and will thus not be part of the continuing subsidy program that would have to be cut off once the program is dismantled.

Also, it is important to note the project has the firm financial and moral commitment of not only the State and local governments, but also that of the private sector through an industrial development fund supported by private interests.

There is much that can be said about the specifics of the project, but I believe it is sufficient to say that it is absolutely vital to the industrial development of this area of Kentucky, both in terms of commitments already made and those being sought by the residents of the region.

Would the chairman of the Transportation Subcommittee agree that the Campbellsville project is the kind of cooperative effort that should be viewed with favor by the officials in the Federal Railroad Administration responsible for the local rail assistance program?

Mr. ANDREWS. Most certainly. Projects like Campbellsville appear to be exactly the kinds of efforts by State and local governments and private interests that this program is intended to serve.

Additionally, the benefits of the project, once completed, would seem to far outweigh the costs to the Federal Government.●

● Mr. TSONGAS. Mr. President, the Senate Committee on Appropriations has voted to endorse the President's proposal to eliminate funding for the National Consumer Cooperative Bank. It is not likely that we can make a change in that recommendation on the Senate floor.

Mr. President, I hope that the Senate conferees will accept the House Appropriations Committee recommendation to retain the Bank, and I ask that a letter which I sent to the distinguished chairman of the Appropriations Committee on this matter be printed in the RECORD.

The letter follows:

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

Hon. MARK O. HATFIELD,
Chairman, Senate Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As part of the Supplemental Appropriations and Rescission Bill for fiscal year 1981, the Senate has endorsed the President's proposal to eliminate funding for the Consumer Cooperative Bank. As you know, the Senate Banking Committee recently voted to continue the Bank, with limited authority to service existing loans and sell stock, but with no new spending powers.

Federal financial and technical assistance to consumer cooperatives represents a creative and sensible federal/community partnership. The Bank is an excellent example of how the government can successfully lend a helping hand instead of a handout to aid our distressed rural and urban areas. The Bank is only three years old, but it holds great promise for millions of Americans involved in nonprofit cooperatives whose lending needs cannot or will not be accommodated by the conventional lending market.

The Bank is built on sound principles of self reliance, market interest rates and repayment of federal seed money to gradually achieve private ownership. In our efforts to balance the budget, I do not believe that we can afford to dismiss this small but important lending mechanism which provides solid investments in our long term economic viability.

The House Appropriations Committee has not endorsed the President's request to eliminate the Bank. I urge the Senate conferees to follow the House recommendation on this important business and lending program.

Sincerely,

PAUL E. TSONGAS,
U.S. Senator.●

ORDER OF PROCEDURE

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BAKER. Mr. President, I ask unanimous consent that it may be in order, for not to exceed 5 minutes, to proceed on the budget resolution notwithstanding the order to proceed next to the conference report.

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

Mr. METZENBAUM. Would the Senator repeat his statement?

Mr. BAKER. I said I needed 5 minutes to try to see what we were doing.

Mr. MOYNIHAN. Mr. President, could we have order so we might hear the majority leader?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Tennessee.

STATUS OF AMENDMENTS TO SUPPLEMENTAL APPROPRIATIONS

Mr. BAKER. Mr. President, while we have just a moment before we proceed to the next item of business which has been ordered for the Senate to consider, which is the conference report on the first concurrent budget resolution, might I inquire of all Senators, but more specially of the minority leader, the status of known amendments on his side of the aisle that are yet to be dealt with on the supplemental appropriations?

Mr. ROBERT C. BYRD. Mr. President, on this side of the aisle I know of at least seven amendments. I will state the names of the authors of the amendments, the time limit with which they have indicated tentative agreement, and see where we go from there.

Mr. GLENN has an amendment to restore moneys for energy and conservation programs. He is willing to agree to 1½ hours——

Mr. GLENN. Forty-five on a side.

Mr. ROBERT C. BYRD. One-and-a-half-hours equally divided.

Mr. MOYNIHAN has an amendment on which he is agreeable to a 30-minute time limitation, equally divided.

Mr. PROXMIRE has an amendment. It is language prohibiting the taking of annual leave in the course of official travel. He is willing to agree to a 10-minute time limitation, equally divided.

Mr. DECONCINI has an amendment to defer, rather than rescind, $60 million in Department of Energy solar energy R. & D. operating expenses. He would be agreeable to a 30-minute time limitation equally divided.

Mr. DECONCINI has another amendment for no funds to be used to enforce pre-1978 audits, 30 minutes equally divided.

Mr. LEVIN has an amendment disapproving purchasing of vehicles overseas, 1 hour equally divided.

Mr. JACKSON and Mr. TOWER have an amendment of $20 million for binary munitions, no time limit.

Mr. President, those are the amendments that I know about on my side of the aisle. As I look around on this side, I wonder if there are any other amendments that have not been mentioned.

I see no indication of it.

Mr. BAKER. Mr. President, I thank the minority leader.

May I inquire of the minority leader if he knows or is willing to inquire of other Senators if some of these may be dealt with by voice vote or if they will all require rollcall votes?

Mr. ROBERT C. BYRD. Mr. President, I am looking at Mr. GLENN. He would not want to commit at this time.

Mr. DECONCINI believes he wants a rollcall vote. Mr. MOYNIHAN wants a rollcall vote on his amendment. Mr. LEVIN—he hopes not.

Mr. PROXMIRE may work something out on the language of his amendment.

Mr. BAKER. Mr. President, I thank the minority leader.

I might say, by way of reciprocal information, that on our side, we know of four amendments to be offered by the Senator from Mississippi (Mr. COCHRAN), on which he is willing to agree to 30 minutes each.

Two of them will perhaps not require rollcall votes, one dealing with food stamps, one dealing with child nutrition. The other two amendments are one dealing with higher education and one an add-on for elementary and secondary education.

A Heinz amendment of 20 minutes to transfer $2.8 million from evaluation funds to administration funds of State offices for aging projects.

Mr. ROBERT C. BYRD. That is not a two-bit amendment, either.

Mr. BAKER. There is the Thurmond amendment, Mr. President, on which he is willing to agree to a 30-minute time limitation, having to do with part-time veterans hospital staff; a Garn amendment with 20 minutes, $250 million for veterans readjustment benefits; a Dole amendment of 30 minutes, which may or may not be combined with the Cochran amendment—in any event, dealing with food stamps. A Wallop-Schmitt amendment of 20 minutes to add funds for space-based lasers; a Roth amendment of 30 minutes dealing with funds for educational programs.

Mr. President, in addition to that, there are three technical amendments that we are aware of on which the sponsors would be agreeable to a time limitation: Mr. ROTH, a technical amendment dealing with appropriations, 10 minutes; a Schmitt amendment on labor and human services, 5 minutes; and a Hatfield technical amendment on State-Justice, 5 minutes.

Mr. TOWER. If the Senator will yield, Mr. President, there is another amendment, the Warner amendment on binary weapons that has been under considerable discussion. I noticed that that was not in the leader's litany of amendments.

Mr. BAKER. Mr. President, the Senator is correct. It is attributable to the simple fact that I forgot to turn the page. Not only do I find the Tower or Warner binary chemicals amendment on which there is no time limitation; I also find an Abdnor amendment or perhaps two amendments of 20 minutes each, dealing with additions for the Secret Service and a $7.6 million addition for Treasury.

Mr. President, it is also clear to me that there is no way on Earth that we can debate all these amendments tomorrow. So, as much as I hate to say it, I think we have to dispose of as much of this as we can tonight. What that means is that we ought to get on with the business, in my view, of dealing with the conference report on the first concurrent budget resolution. I hope that Senators will now agree to substantial reductions of time for debate on that conference report. There is now a 2-hour time limitation.

TIME LIMITATION AGREEMENT—CONFERENCE REPORT ON FIRST CONCURRENT BUDGET RESOLUTION

I ask the distinguished minority leader and the Senator from South Carolina and the chairman of the Budget Committee (Mr. DOMENICI) if they might be willing to cut that in half.

Mr. HOLLINGS. Mr. President, as I understand it, all we have is a half hour and the Senator from Ohio has a half hour. Did the Senator say 15 minutes for Senator DOMENICI?

Mr. BAKER. That is what I was proposing, yes.

Mr. HOLLINGS. I shall agree to that. No one else wants to talk?

Mr. EXON. I would like 3 minutes.

Mr. HOLLINGS. Then I shall take 12.

Mr. MOYNIHAN. I would like 5 minutes.

Mr. HOLLINGS. Then we had better keep it at 30 minutes. We shall try to keep it short. We have 3 minutes and 5 minutes.

Mr. METZENBAUM. Twenty minutes.

Mr. BAKER. Mr. President, I am not sure where we are. The Senator from Ohio agreed to 20 minutes instead of 30 minutes.

Mr. President, I make that request, then. I wonder if we could have three 20-minute time periods.

Mr. HOLLINGS. Right.

Mr. BAKER. Twenty minutes for the distinguished manager of the bill, the chairman of the Budget Committee; 20 minutes for the ranking minority member (Mr. HOLLINGS); 20 minutes for the Senator from Ohio on the budget resolution, to be allocated or distributed as Senators may require.

Mr. DOMENICI. That is 2 to 1. I do not even know what the Senator from Ohio is going to say.

Mr. BAKER. Mr. President, I put that request.

The PRESIDING OFFICER (Mr. LAXALT). Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the Chair. That saved us an hour. I hope now that after we finish the conference report, we can shop once more for reduction of time or for possibly disposing of some of these amendments by voice vote tonight. We are going to have a heavy day tomorrow. At the appropriate time, I shall ask the Senate to reschedule our convening hour to a little earlier than 9:30 a.m.

Mr. ROBERT C. BYRD. Will the majority leader yield?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. Mr. President,

I call to the attention of my colleagues once again that under the agreement, no amendment will be in order after 1 p.m. tomorrow other than committee amendments and the Hyde-Helms amendment, which has been locked in. So I have to join with the majority leader in stating that there is no way in which to deal with this number of amendments unless we stay late tonight.

Mr. President, I suggest to the distinguished majority leader, if he does not mind my doing so, that he lock the amendments in, the time agreements that have been suggested, so that we shall at least have limits to that extent, and then let us work in the effort of further reducing the time limits.

Mr. BAKER. Mr. President, I shall, indeed. Before I do that, let me explore two other possibilities.

I see that the distinguished Senator from North Carolina is on the floor at this time. I wonder whether it might be possible to reduce the time on the Hyde-Helms amendment, which is now 2 hours, to, say, 1 hour on tomorrow.

Mr. HELMS. It suits me. Even more than that.

Mr. ROBERT C. BYRD. It is not our problem, I say to the majority leader. It is "OK" on this side.

Mr. BAKER. Mr. President, I make that request.

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

Mr. BAKER. Mr. President, a parliamentary inquiry.

Having reduced the time from 2 hours to 1 hour, does it automatically follow that the Senate will turn to the consideration of that item at 3:30 instead of 2:30?

The PRESIDING OFFICER. Under the order, the Senate is required to commence consideration at 2:30. The modification would not affect that.

Mr. BAKER. Mr. President, I request that the time be changed from 2:30 to 3:30 and that the 1 o'clock time as the bar against the submitting of floor amendments be changed from 1 o'clock to 2 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Mr. President, I withhold that for a moment.

Mr. President, I ask unanimous consent that on the hour allowed for the Ashbrook amendment, the time be reduced to 30 minutes, equally divided.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and 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.

Mr. BAKER. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

Who wishes to be recognized?

Mr. ROBERT C. BYRD. Mr. President, it is obvious that somebody is going to call up an amendment tomorrow and is not going to have time to debate it. More Senators than one are going to call up their amendments tomorrow, and there will be no time to debate them.

Would there be any objection on my side of the aisle to changing the agreement so as to allow a final vote later than 5 o'clock tomorrow?

Mr. PELL. There are about eight Senators going on the North Atlantic Assembly expedition, which has been postponed from tonight. We can do it again, in the best interests of the Senate, but we would be reluctant to do so.

Mr. HOLLINGS. I object.

Mr. ROBERT C. BYRD. So we have several objections.

There is no time certain, but the way the agreement has been put together, it will mean that a final vote will occur in the neighborhood of 5 p.m. tomorrow.

So, Mr. Majority Leader, I have to say that on my side there is no hope of busting—if I may use that term—the time limit for a final vote.

I just feel for those Senators who are going to call up amendments tomorrow, with no time. My suggestion would be, I say to the distinguished majority leader, that we just plow ahead at this time. I am sorry to see these onerous burdens fall upon his shoulders. I have a feeling that his hair, which is as dark as mine once was, is already showing some gray strains, and I am afraid he is going to become prematurely gray. [Laughter.]

Mr. BAKER. I thank the minority leader.

I must say that I share his concern for the disposition of these several amendments. I have ascertained that there is no possibility of changing the agreement on this side to extend the time for final consideration. So I think we are stuck with the situation we have, and that is a number of amendments yet to be dealt with and a fairly short time in which to do it.

There are two alternative possibilities that I can think of, and one is to proceed, frankly as I would prefer, with the debate and I suppose final disposition of the conference report on the budget resolution and then to debate whatever and then to convene in the morning at a very early hour and resume consideration of the amendments as they have been listed and as it appears to the leadership on both sides.

Mr. SARBANES. Mr. President, will the Senator yield at that point?

Mr. BAKER. I yield.

Mr. SARBANES. Is it possible to have the debate on the conference report this evening but vote on it first thing in the morning?

Mr. BAKER. As far as I am concerned I have no objection to that, but it will consume 15 minutes of otherwise precious time in the morning, but I am prepared to do that if it is the general wish of the Senate.

Mr. SARBANES. It will get everyone here in the morning, I might observe as well.

Mr. BAKER. Mr. President, I suggest that we have just a moment to canvass our respective sides on whether or not we should proceed tonight with these amendments that have been listed, after we finish the conference report, or whether we should come in at a very early hour, say, at 8 a.m. in the morning, and simply do the best we can under the circumstances.

Mr. ROBERT C. BYRD. Mr. President, will the majority leader yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. I wonder if the majority leader would proceed with sequencing the amendments so that every Senator will know when his amendment will be called up and if he wishes to have a quorum call or proceed with the budget conference report and get some further soundings that is quite all right. It will be all right with me.

Mr. BAKER. Yes.

Mr. President, will the Chair indulge me for only a moment?

Mr. President, let me do this. It is late I know, and Members are tired, but we need about 5 minutes to try to see if we can establish a consensus on how we should proceed on this side. So for the moment I suggest the absence of a quorum.

Mr. HOLLINGS. Mr. President, if the Senator will yield, could we start on the budget conference report just to use the available time?

Mr. BAKER. Yes.

Mr. President, have my 5 minutes expired?

The PRESIDING OFFICER. Yes.

Mr. BAKER. I yield the floor.

The PRESIDING OFFICER. Is it the wish of the leader that we proceed with the consideration of the conference report?

Mr. DOMENICI. 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.

ORDER VITIATING REDUCTION OF TIME ON THE ASHBROOK AND HELMS-HYDE AMENDMENTS

Mr. BAKER. Mr. President, I ask unanimous consent to vitiate the order reducing the time on the Ashbrook and Helms-Hyde amendments.

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

Mr. BAKER. Mr. President, does that reinstate the previous time?

The PRESIDING OFFICER. It does.

Mr. BAKER. Mr. President, I ask unanimous consent to reinstate the sequence of 1 o'clock and 2:30 previously agreed to.

The PRESIDING OFFICER. They were never changed.

Mr. BAKER. I thank the Chair.

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. 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.

LEGISLATIVE SCHEDULE

Mr. BAKER. Mr. President, let me say that I believe we have arrived at a mutually satisfactory arrangement for making maximum progress on this matter tonight or tomorrow. It will consist of debating the conference report tonight, putting off the vote until tomorrow at 11 o'clock, and coming in very early tomorrow at 7 o'clock and sequencing a number of amendments with time limitations to occur between 7 o'clock, or shortly after 7 o'clock, and 11 o'clock. At 11 o'clock, we will begin first with the vote on the conference report and any amendments in disagreement. That will be a 15-minute vote. We will have 10-minute votes back to back on any votes on any amendments ordered up until that time.

Mr. ROBERT C. BYRD. Mr. President. I have not seen so many frowns in the press gallery since I was majority leader.

Mr. BAKER. Mr. President, the distinguished chairman of the Republican conference points out that by coming in at 7 we may play havoc with committee work. So part of the request I am going to put is that all committees may meet during the session of the Senate on tomorrow.

Mr. ROBERT C. BYRD. Mr. President, I do not think we could agree with that at the moment. I would have to check that out, I may say to the distiguished majority leader.

Mr. BAKER. Mr. President, let me withhold that part of it. After we convene tomorrow, we will see if we have a better fix on who needs to do what.

Mr. DECONCINI. Mr. President, will the majority leader yield for a question?

Mr. BAKER. Yes.

Mr. DECONCINI. On the amendments starting at 7:30 in the morning, when are the votes going to be on those amendments?

Mr. BAKER. Shortly after 11 o'clock.

Mr. DECONCINI. There will not be any votes until 11?

Mr. BAKER. No. Debate on the amendments will begin at 7, or a few minutes thereafter. But the votes will be stacked until 11 o'clock. The first vote will be on the conference report and items in disagreement.

Mr. MCCLURE. Mr. President, reserving the right to object, and I shall not object, but I really hope that permission can be granted for committees to meet at least tomorrow morning. That is not an unusual request. If we are going to come in at 7 o'clock, that would mean that the usual time for committees to stop would be at 9 o'clock, which is earlier than most of them are meeting. So we would have, in effect, wiped out 1 day of committee hearings or sessions. I hope that we could at least get the normal time for committees to meet. I shall not, however, object.

Mr. BAKER. Mr. President, let me say to the distinguished Senator from Idaho that I will make a rash prediction that the Senate in general will be more tranquil and more agreeable to that request when we convene at 7 than they will be tonight at 8:40. I promise that I will put that request, or some variation of that request, after we convene in the morning.

Mr. President, staff on both sides are trying to arrange the exact sequence of the time agreements that we have tentatively agreed to on the amendments.

ORDER FOR RECESS UNTIL 7 A.M. TOMORROW

Mr. BAKER. Mr. President, for the moment, my request would be as follows: Mr. President, I ask unanimous consent that when the Senate completes its business tonight it stand in recess until the hour of 7 a.m. tomorrow.

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

VOTE ON CONFERENCE REPORT AT 11 A.M. THURSDAY

Mr. BAKER. Mr. President, I ask unanimous consent that after the Senate completes its debate on the conference report on the first concurrent budget resolution and items related thereto, the vote on that conference report and matters related to it be put over until tomorrow at 11 o'clock and that that vote be a 15-minute vote.

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

Mr. BAKER. Mr. President, there will be no votes tonight. In a few moments I will extend the request by attempting to sequence amendments and to assign time limitations to amendments.

REDUCTION IN LEADERSHIP TIME TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that the time allocated to the two leaders under the standing order be reduced to 1 minute each.

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

ORDER FOR YEAS AND NAYS ON CONFERENCE REPORT

Mr. BAKER. Mr. President, I am prepared to yield to the Senator so that we can proceed with the debate on the conference report.

Mr. DOMENICI. Mr. President, I ask the leader if we are going to get the yeas and nays on the conference report.

Mr. BAKER. As soon as it is laid down.

Mr. DOMENICI. Mr. President, I ask the leader if he will propound it now.

Mr. BAKER. Mr. President, I ask unanimous consent that it be in order to ask for the yeas and nays on final passage of the conference report at this time.

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

Mr. BAKER. 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. BAKER. Mr. President, I yield the floor.

FIRST CONCURRENT RESOLUTION ON THE BUDGET—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senator from New Mexico is recognized to submit the report of the committee of conference on the first concurrent resolution.

Mr. DOMENICI. Mr. President, I submit a report of the committee of conference on House Concurrent Resolution 115 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The Assistant Legislative Clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the United States Government for the fiscal year 1981 and setting forth the congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

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

(The conference report is printed in the House proceedings of the RECORD of May 18, 1981.)

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 10 minutes of the 20 minutes that I have.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the presence and use of small electronic calculators be permitted on the floor of the Senate during the consideration of this resolution.

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

Mr. DOMENICI. Mr. President, I urge that the Senate adopt House Concurrent Resolution 115, setting forth revisions for the fiscal year 1981 budget, setting targets for spending for fiscal years 1982, 1983, and 1984, and instructing the committtees of the House and Senate to save more than $141 billion during fiscal years 1981, 1982, 1983, and 1984 through reconciliation.

Let me discuss the conference report that we of the Senate Budget Committee have brought back from our conference with the House.

First, the conferees were faced with a difficult problem, despite the fact that on almost every single major policy issue the two resolutions—that of the House and that of the Senate—were identical. The problem resulted from the fact that the House did not use reestimates of spending that the Congressional Budget Office provided, while we in the Senate did use these reestimates and technical adjustments. Thus, in almost every function of Government the conferees were

faced with spending differences that emanated not from policy differences, but from strictly technical differences of opinion. In order to resolve these problems without spending literally weeks on each and every one of them, the conference decided to split such technical and reestimating differences equally between the numbers in each resolution. No other approach satisfied the two imperatives that the conferees of both bodies had been given—to have a short conference in order to meet the May 15 deadline for the first concurrent budget resolution and to put into place the critical reconciliation instructions.

Now, our decision to split technical and reestimating differences equally between the two sets of numbers presented to the conferees has drawn criticism in some quarters. The Washington Post, for example, recently editorialized that the numbers in the resolution are flawed and implied that they are slightly phony. As a matter of fact, of course, the resolution is not flawed and the numbers are not phony, slightly or otherwise. For example, we asked the House to recede to the Senate's higher interest rate number of 1981 and the House receded. That interest rate is higher than that assumed by the President in his submission to the Congress. We receded to the House on revenues and higher GNP estimates and, as the information released yesterday on the Nation's gross national product shows, the economy is, indeed, stronger than most economists had predicted and revenues may very well be even higher than we have estimated.

In addition, the very high first quarter real GNP figures would mean that the Nation would have to slide into a recession in order to achieve the 1.4 percent rate of real growth for 1981 that CBO has forecast. Certainly, the 2-percent estimate of the House seems much more likely at this moment. Finally, in the areas of spending estimates—that is, the technical estimating of how much money will actually outlay from previously-passed budget authority—we agreed with the House, as I explained earlier, to resolve these differences by an equal division.

In short, the conference report is as sound as any reported back by any group of budget resolution conferees and retains the essential spirit of what a first concurrent budget resolution really is—the setting of targets that the Congress believes are appropriate for the functions of Government. It may be argued that the targets will not be met. I have heard that argument, though it is often put in different terms. I respond this way: The targets are those that the conferees believe are best for the Nation and for the economy. The conferees believe that these targets should be met and that, if further restraint in the growth of Government spending is necessary, Congress should during fiscal year 1982 exercise that necessary restraint. We were not willing to change our numbers to reflect business as usual, that is, the same old spending patterns and the same old. "Well, it's out of our control" attitude. The numbers in this resolution are fully achievable if the Congress so chooses.

The second major decision facing the conferees was the question of the fiscal year 1981 spending ceilings. Here, too, we decided to compromise most of the differences confronting us.

As a result, we have left sufficient room for the passage of the pending Senate legislation, H.R. 3512, the Appropriations Committee spending and rescission package. The need to increase these ceilings from the previously-passed second concurrent budget resolution for 1981 levels resulted from the artificially-low ceilings adopted by Congress last winter. As then Senator Henry Bellmon and I argued then, the ceilings were much too low and it would take major spending pattern changes to even come close to them. As time has shown, Senator Bellmon and I were right and we have had to move to accommodate the inevitable spending that resulted from the spending decisions of the last Congress. I will have more to say about the entire question of revising resolutions later in my statement.

Third, the conferees faced a decision on the most historic spending restraint measure ever to come before our national legislature—the reconciliation instructions for fiscal years 1981, 1982, 1983, and 1984. In general, the policy implications of the reconciliation instructions contained in the resolutions passed by the two bodies were quite similar. Minor differences were worked out by the conferees, as well as substantial technical and reestimating questions.

I am proud to announce today that the conferees have decided on a total reconciliation instruction that will affect 14 Senate committees and 15 House committees and will save, in 1982 outlays, $36.501 billion. I will summarize both the functional spending totals and the reconciliation instructions by committee later in this statement.

The conference report allows the relevant committees of the House and Senate to make room for the entire Presidential tax cut, if that is the wisdom of the Congress. The report allows room for the entire increase in spending for national defense, if the Congress so chooses. The report insists on very large additional spending reductions for the Federal budget in 1983 and 1984 in order to meet the balanced budget target that this resolution sets for 1984. The conferees were clear that such a balanced budget is critical to the Nation's economic health and to our fight against inflation.

In short, Mr. President, despite the time pressures surrounding our conference, despite the enormous implications of our decisions for future Government spending, and despite the unusual political situation that brought the resolutions to conference in the first place, the conferees were able to reach agreement on all issues in only one day, although there are some items in technical disagreement because the decisions reached were outside the scope of the conference. This, too, is historic for budget conferences. This 1-day outcome, which was the desire both of the House and the Senate managers, was possible only because of the spirit of true cooperation that both groups of conferees brought to the conference. Chairman JONES, ranking minority member Representative LATTA, and I met on several occasions in order to lay the groundwork for such a 1-day conference. I wish to congratulate them.

The productive involvement of House minority leader Representative BOB MICHEL was another key to our deliberations, as was the constant assistance of the Senate majority leader, Senator BAKER.

In addition, the staffs of the two committees did an outstanding job. I can truly say that without a high degree of staff commitment and without an unprecedented cooperation between the two staffs, we would not have been able to complete our work in the assigned time.

But now, I must turn to a more somber task. I must sound a variety of alarms about the future of spending in the Federal budget. Let me be blunt about what the future holds.

You will see that the target for 1982 spending is $695.45 billion, the target deficit for that year is $37.65 billion, and the estimated level for revenues is $657.8 billion. Estimates, some private and some public, have put overall Federal spending higher in 1982, leading to a higher deficit.

It is the judgment of the conferees that such a result is disastrous for the economy and for our people. We could not, and would not, endorse such targets for spending and deficits. We believe setting such targets would send precisely the wrong signal to the Nation and, moreover, would make a mockery of what our intentions are. Our intentions are not to allow spending to increase to a level higher than that we recommend. Our intentions are not to stand idly by and watch spending soar without the active involvement of Congress to restrain it, nor to allow the deficit to climb beyond the level we recommend. Yet, it may be that Congress will not do what it must do to restrain spending. It may be that the administration may be unable to control outlays in the manner needed. It may be that the economy will be beset by international or natural forces. All of these imponderables surround this budget resolution, as they surround any budget resolution. Yet, this conference report before the Senate today says—

> It is our judgment that Congress, and the Administration, must make whatever changes are necessary in spending patterns to keep spending within these targets.

Let me paint a worst-case scenario for the Congress, so we cannot be accused of withholding anything, or of any deception. If the committees of the Congress fail to pass reconciliation in its entirety, that is, if no reconciliation bill passes Congress at all, then the spending and deficit numbers in this resolution will have to be increased by those amounts—$2.3 billion in 1981, $36.501 billion in 1982, $46.979 billion in 1983, and $55.798 billion in 1984. If Congress passes a larger tax cut than that proposed by the President, such additional cuts would in-

crease the deficit on a dollar-for-dollar basis. If spending targets are exceeded as the authorization and appropriations process occurs in the Congress, then each one of those extra dollars will be added to the deficit. Finally, if a continuation of very high interest rates cripples the economy, or if the drought in this Nation continues unabated, or if the world food crop is poor, or if an interruption of national energy supplies occurs, or if any of a host of other unforeseeable events occurs, then the spending and deficit levels may increase. But, if the Nation has just average luck in outside events, and if the Congress will follow through completely on the spending restraint in this resolution, and if we show prudence as the authorizing and appropriations processes occur in Congress, then I truly believe that we can meet these targets and restore economic vitality to this Nation. The budget process can merely lead the way; it is powerless to compell others to follow. For myself, however, I intend to fight for the principles and targets contained in this resolution at every step of the way. And, I believe that the conferees intend to do so, also.

In order to help committees meet their reconciliation instructions, we have moved the date for reporting changes in laws to achieve the required savings to June 12 of this year. I believe that all committees can meet that date and many have already made excellent progress toward fulfilling their mandate.

In addition to this change, the conferees also adopted enforcement language that will help the Congress in its efforts to impose fiscal discipline. Under this language, spending bills will be held at the desk if they exceed the appropriate allocation or subdivisions made pursuant to section 302 of the 1974 Budget Act. In short, if a spending bill exceeds its allocation, we would delay its enrollment until Congress has both passed the second concurrent budget resolution for 1982 this fall and any reconciliation measure attached to that resolution has been fulfilled entirely.

Mr. President, this is a watershed budget, just as November, 1980, was a watershed in recent American political history. We are saying that we no longer want excuses: No more explanations of uncontrollables in the budget, or technical reestimates of spending rates, or of international events that have dashed our hopes for fiscal discipline. We are saying—

Here are the targets we believe are best for the nation, and here is the most massive restraint in spending in the history of the country, and now we must go forth and do even more, if need be, to meet these targets.

I do not think the American people want any more excuses, and I do not think we in Congress should tolerate any more excuses. The blueprint contained in this resolution is clear. It is unequivocal. It responds directly to the mandate of the American people and the requests of our President. And, despite all of the rhetoric about unrealistic numbers of optimistic assumptions, these targets are achievable. The more we say that our blueprint will not work, the more we run the danger that our words will lead to a self-fulfilling, and damaging, prophecy. I would recommend to all my colleagues that we not criticize this resolution, but we praise it, and, even more that we enforce it.

Mr. President, I submit a detailed analysis of what this conference report contains. I ask that it be printed in the RECORD at this point.

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

ECONOMIC ASSUMPTIONS

The levels of output, incomes, unemployment, inflation and interest rates used in the outlay and revenue estimates of the conference agreement are shown in the table below. These assumptions closely correspond to the economic projections assumed by the Administration to accompany its budget revisions for Fiscal Year 1982 submitted to the Congress in March. The Conferees have accepted the House-passed projections of gross national product, incomes and unemployment, which reflect the strength of the economy in the first quarter of 1981. The Conferees assumed interest rates for 1981 at the Senate-passed level. The interest rates assumed for 1982–1984 reflect success in lowering the inflation rate as projected by the Administration.

[Calendar years; dollar amounts in billions]

	1981	1982	1983	1984
Gross national product:				
Current dollars	$2,941	$3,323	$3,734	$4,135
Constant (1972) dollars	1,511	1,572	1,651	1,725
Percent change	2.0	4.2	5.0	4.5
GNP deflator (percent change, year over year)	9.7	8.3	7.0	6.0
Consumer Price Index (percent change, year over year)	11.1	8.3	6.2	5.5
Unemployment rate (annual average, percent)	7.5	7.2	6.6	6.4
Taxable incomes:				
Wages and salaries	1,498	1,682	1,863	2,051
Nonwage income	541	612	683	745
Corporate profits	242	280	321	360
Interest rate, 3-mo. Treasury bills (percent, yearly average)	13.5	10.5	9.4	8.2

REVENUES

The revenue levels agreed to by the conferees provide room for the relevant committees of the House and the Senate to enact all of the President's program for 1981, 1982, 1983, and 1984. The revenue levels are $603.3 billion for FY 1981, $657.8 billion for FY 1982, $713.2 billion for FY 1983, and $774.8 billion for FY 1984. The conference agreement specifies net tax reductions of $8.6 billion in FY 1981, $51.3 billion in FY 1982, $97.1 billion in FY 1983, and $144.8 billion in FY 1984. These reductions are assumed to include $100 million for miscellaneous tax and tariff legislation as may be enacted by the House Ways and Means Committee and the Senate Finance Committee.

GENERAL PROVISIONS

The conferees adopted general language which affects the recommendations which the standing committees can submit to the Budget Committees for reconciliation. The House resolution had a provision which permits committees to substitute savings in direct spending programs for those required in authorized programs. The conferees agreed that this provision should remain in the resolution.

The conferees further agreed that enforcement of the budget resolution would be advanced by the "delayed enrollment" provision of section 301. This language has the effect of delaying the enrollment of appropriations and direct spending bills which are in excess of their section 302 allocations.

The conferees included several non-binding provisions in the resolution on a variety of issues. In summary, the conferees recommended the following:

(1) The development of bi-partisan recommendations on indexing reform;

(2) The development of the implementation of a "Zero Net Inflation Impact" policy which would keep account of the inflationary impact of legislation and regulations;

(3) The development of legislation by the Senate Governmental Affairs Committee to reduce fraud, waste and abuse; and

(4) The provision of increased flexibility to state and local governments in the management of Federal funds.

FEDERAL CREDIT

The Conference agreement recommends limiting direct loans to $51.930 billion and Federal primary loan guarantees to $85.090 billion, and Federal secondary guarantees to $70.070 billion for fiscal year 1982. The Senate assumptions for direct lending and loan guarantees were higher than the House for the Rural Electrification Administration, the Small Business Administration, the Export-Import Bank, FHA mortgage insurance and GNMA secondary guarantees. The House receded to the Senate numbers in these areas.

The House also adopted the method of presenting Federal Financing Bank activity used for the Senate resolution. All guaranteed loans converted to direct loans by the FFB are attributed to the function of the agency initiating the lending. The conferees felt that attribution of this $23 billion activity was necessary to accurately reflect the credit activity of the Federal government and its relation to national needs.

Additionally, the conferees adopted primary guarantees as the measure for Federal loan guarantees. This measure is the one utilized in the House resolution.

SPENDING

Function 050: National defense

The conference agreement provides budget authority of $181.0 billion and outlays of $162.9 billion for fiscal year 1981, budget authority of $226.3 billion and outlays of $188.8 billion for fiscal year 1982, budget authority of $257.0 billion and outlays of $223.1 billion for fiscal year 1983, and budget authority of $292.1 billion and outlays of $250.6 billion for fiscal year 1984.

The conference agreement incorporates the Administration's total defense program initiatives for fiscal years 1981 through 1984. The conference agreement assumes that the Secretary of Defense will implement substantial management efficiencies in order to maintain the Administration's outlay estimates and that savings resulting from efficiencies and elemination of waste, fraud, and abuse in the Department of Defense will increase significantly in fiscal years 1983 and 1984.

Function 150: International affairs

The conference agreement provides budget authority of $23.55 billion and outlays of $11.15 billion for fiscal year 1981, budget authority of $17.4 billion and outlays $11.15 billion for fiscal year 1982, budget authority of $16.9 billion and outlays of $11.65 billion for fiscal year 1983, and budget authority of $16.75 billion and outlays of $12.1 billion for fiscal year 1984.

These recommended levels assume the President's request for fiscal years 1981 and 1982. The outyear targets assume some reductions from the OMB estimates for those years.

Taking into account the historical record and Senate action thus far this year, it is anticipated that spending in this function will fall short of the levels contained in this conference agreement. In previous years Congress has appropriated less than has been requested for most international programs. In a few instances—the Export-Import Bank is one example—Congress has provided more than the requested amount, but overall the

trend is clear. Congress will achieve savings in these programs. Last week the Committee on Foreign Relations reported authorizing legislation that saves $900 million in budget authority from the FY 1982 request. The Committee on Appropriations has reported a fiscal 1981 Supplemental Appropriations and Rescission Bill that contains two-thirds of the President's requested reductions in the direct lending program of the Export-Import Bank. Senators Hatfield and Kasten have earned our appreciation for their work in achieving this savings against strong opposition. If the Senate continues this pattern of fiscal prudence, savings in the International Affairs function will help achieve a balanced budget by fiscal 1984.

Function 250: General science, space, and technology

The conference agreement provides budget authority of $6.5 billion and outlays of $6.2 billion for fiscal year 1981, budget authority of $7.2 billion and outlays of $7.0 billion for fiscal year 1982, budget authority of $7.7 billion and outlays of $7.3 billion for FY 1983 and budget authority of $7.2 billion and outlays of $7.2 billion in FY 1984.

The agreement focuses support on those basic research activities with the greatest potential for increased productivity and technological innovation. For the civilian space program, strong support is maintained for the space shuttle program as well as providing funding necessary for continued development of the Galileo mission, the space telescope and the Landsat satellite series.

Function 270: Energy

The conference agreement provides budget authority of $7.3 billion and outlays of $9.8 billion for fiscal year 1981, budget authority of $4.5 billion and outlays of $6.0 billion for fiscal year 1982, budget authority of $4.4 billion and outlays of $5.4 billion for fiscal year 1983, and budget authority of $4.0 billion and outlays of $4.8 billion for fiscal year 1984.

The conference agreement would allow budget authority for the continuation of the alcohol fuels loan guarantee program at a reduced level. For the remaining energy programs, the agreement provides for the implementation of the President's program except for the Strategic Petroleum Reserve. In that area, the agreement provides sufficient funding in fiscal year 1982 to allow for a smooth transition to private financing.

Function 300: Natural resources and environment

The conference agreement provides budget authority of $10.5 billion and outlays of $13.6 billion for fiscal year 1981, budget authority of $8.2 billion and outlays of $12.4 billion in FY 1982, budget authority of $10.7 billion and outlays of $11.4 billion in FY 1983 and budget authority of $10.6 billion and outlays of $10.6 billion in FY 1984.

In adhering to the need for strict fiscal restraint, the agreement emphasizes development and maintenance of the most essential natural resource and environmental programs such as water resources and land management and de-emphasizes programs of a lower priority such as those in the recreation area—parkland acquisition, state recreation grants and historic preservation activities.

Function 350: Agriculture

The conference agreement provides budget authority of $5.6 billion and outlays of $2.7 billion for fiscal year 1981, budget authority of $5.5 billion and outlays of $4.5 billion for fiscal year 1982, budget authority of $6.4 billion and outlays of $4.7 billion for fiscal year 1983, and budget authority of $5.4 billion and outlays of $4.9 billion for fiscal year 1984.

The conference agreement would allow the continuation of current farm income stabilization programs at a level consistent with the Administration's proposed farm legislation. The agreement also assumes savings in agricultural programs as contained in the Senate-passed reconciliation instructions.

Function 370: Commerce and housing credit

The conference agreement provides budget authority of $6.6 billion and outlays of $3.4 billion for fiscal year 1981, budget authority of $7.7 billion and outlays of $4.0 billion for fiscal year 1982, budget authority of $5.3 billion and outlays of $3.9 billion for fiscal year 1983, and budget authority of $5.8 billion and outlays of $3.5 billion for fiscal year 1984.

These recommended levels assume the adoption of the President's proposals to: (1) reduce FmHA rural housing lending activity by eliminating subsidized loans to middle-income borrowers and slightly reducing such loans to low-income borrowers; (2) phase out the public service subsidy payment to the Postal Service by FY 1984 and reduce the revenue foregone payment to the Postal Service to $500 million in FY 1982 and future years; (3) eliminate the National Consumer Cooperative Bank; (4) increase FY 1982 budget authority for the GNMA tandem mortgage purchase program in order to issue all remaining purchase commitments in FY 1982 to terminate the program; (5) provide the National Credit Union Central Liquidity Facility with a $100 million emergency line of credit to the Treasury to support the agency's sale of securities to the private sector; and (6) reduce funding for a number of programs in the function by small amounts through administrative action.

The recommended levels also assume the elimination of SBA direct loans to small businesses in the last quarter of FY 1981 and future years, an increase in the number of private loans guaranteed by SBA equal to the reduction in direct loans, and a 10-percent cut in SBA salaries and expenses. Funding for most other programs in the function could be maintained at current levels.

Function 400: Transportation

The conference agreement provides budget authority of $25.0 billion and outlays of $23.9 billion for fiscal year 1981, budget authority of $21.2 billion and outlays of $20.4 billion for fiscal year 1982, budget authority of $21.1 billion and outlays of $20.1 billion for fiscal year 1983, and budget authority of $21.3 billion and outlays of $20.4 billion for fiscal year 1984.

The conference agreement would allow for increases in Coast Guard procurement to improve its domestic defense and drug interdiction capabilities. Conrail programs also would be increased to meet labor protection expenses necessary to assure the orderly transfer of Conrail to the private sector. For the remaining highway, mass transit, railroad, maritime and aviation programs the agreement basically would allow for the implementation of the President's program.

Function 450: Community and regional development

The conference agreement provides budget authority of $8.3 billion and outlays of $11.4 billion for fiscal year 1981, budget authority of $7.1 billion and outlays of $8.7 billion for fiscal year 1982, budget authority of $7.5 billion and outlays of $7.7 billion for fiscal year 1983, and budget authority of $7.6 billion and outlays of $7.5 billion for fiscal year 1984.

These recommended levels assume adoption of the Administration's budget reduction proposals, including: (1) termination of HUD's rehabilitation loan program and neighborhood self-help development and planning assistance grant programs; (2) integration of the urban development action grant program with the community development block grant program funded at a level below the current combined funding level for these two programs; (3) increased interest rates on FmHA rural water and waste disposal and community facility loans and a reduction in the level of these loans, as well as the level of water and waste disposal grants; (4) termination of the Title V Regional Commissions and the nonhighway programs of the Appalachian Regional Commission; (5) no funding for the Tennessee Valley Authority's coal gasification demonstration plant; (6) increased interest rates on SBA physical disaster loans and elimination of SBA nonphysical disaster assistance; and (7) termination of energy impact assistance. The President's proposal to terminate all EDA activities, except for the trade adjustment assistance program (transferred to the International Trade Administration in Function 370) and legally required activities under the loan guarantee program is also assumed, except an additional $100 million in EDA funds could be accommodated in fiscal year 1982 to provide any transitional assistance necessary in closing out EDA activities. The recommended totals for the function would be adequate to provide disaster assistance at levels based on recent program experience, and to continue current levels of funding for other programs in the function. The fiscal year 1981 levels assume no supplemental appropriation will be required for the SBA disaster loan fund, based on administrative actions taken to ensure that the fund operate within currently available resources for the remainder of the fiscal year.

Function 500: Education, training, employment, and social services

The conference agreement provides budget authority of $30.8 billion and outlays of $31.8 billion for fiscal year 1981, budget authority of $26.2 billion and outlays of $26.85 billion for fiscal year 1982, budget authority of $26.2 billion and outlays of $26.0 billion for fiscal year 1983, and budget authority of $25.7 billion and outlays of $25.3 billion for fiscal year 1984.

The conference members assumed most of the funding reductions proposed by the President in order to arrive at the above functional totals. The President's proposed reductions were assumed for impact aid, Pell Grants, Guaranteed Student Loans, the National Endowments for the Arts and Humanities, and CETA public service employment. For other programs the conference assumed lesser reductions than those proposed by the President. Lesser reductions are assumed for vocational educational, consolidated elementary and secondary education programs, CETA training programs, and consolidated social service programs.

The conference report endorses efforts to promote government efficiency and the self-sufficiency of the individual. The President's proposed education and social service block grants are assumed by the conference. Consolidation of programs will make government more efficient by reducing administrative overhead. The savings assumed for programs will encourage consolidation and alert the country that Congress is no longer following "business as usual." Reductions proposed for these programs will be accompanied by administrative savings—that will result from the elimination of categorical requirements.

The money added back by the conference for elementary and secondary education, vocational education, youth training, and social services will help people obtain the skills necessary for independent lives. The conference's recommended mark also contains sufficient funds for the President's proposed increases to Headstart and the National Direct Student Loan Program.

Function 550: Health

The conference agreement provides budget authority of $72.2 billion and outlays of $66.8 billion for fiscal year 1981, budget authority of $83.5 billion and outlays of $73.35 billion for fiscal year 1982, budget authority of $90.9 billion and outlays of $81.3 billion for fiscal

year 1983, and budget authority of $99.3 billion and outlays of $89.6 billion for fiscal year 1984.

In reaching its funding level, the conference assumed most of the President's restraint proposals. Included as assumed reductions were the phasing out of professional standards review organizations (PSROs), health systems agencies and public health service hospitals. The conference also assumed funding reductions based on the consolidation of 27 categorical programs into health services and preventive health block grants. Also assumed by the conference were reductions in Medicare expenditures which include reducing the nursing salary cost differential, the higher fee paid to hospital based providers of kidney dialysis and an additional $150 million in unspecified reductions. The conference also suggested a major change in health professions education that will focus funds on the training of nurses and other needed health professions. The conference increased funding over the President's recommendation for health research and community and preventive health programs.

The Senate Budget Committee assumptions carried forward into the conference report include curbing the rapid growth in Medicaid costs. Among these reductions was a proposal to allow states to require families to share some of the costs of medicaid nursing home patient care. The committee stated that its recommendations are intended to leave the Finance Committee sufficient flexibility to achieve savings in Medicaid or Medicare without necessarily requiring reductions in Medicaid eligibility or services. The conference also assumed the expenditure of funds for the periodic interim payments in the Medicare program in FY 1981 as proposed by the President, instead of in FY 1982.

Finally, the conference agreement encompasses the Senate Budget Committee assumption that there may be communities that wish to assume operation and administrative control over their Public Health Service hospitals rather than have the facilities closed. The Committee assumed that if such a plan is submitted to the Department of Health and Human Services and is satisfactory, the FY 1982 funds provided by this report will be used, in part, to continue the operation of any such hospital until a transfer of the operation can occur, and to assure that any such hospital returned to the community will comply with all code requirements sufficient to allow reimbursement under the Medicare and Medicaid programs.

Function 600: Income security

The conference agreement provides budget authority of $250.35 billion and outlays of $227.6 billion for fiscal year 1981, budget authority of $262.7 billion and outlays of $239.7 billion in fiscal year 1982, budget authority of $285.5 billion and outlays of $256.55 billion for fiscal year 1983, and budget authority of $305.5 billion and outlays of $273.7 billion for fiscal year 1984.

Major program reductions assumed within this function affect: aid to families with dependent children (AFDC), food stamps, social security, unemployment insurance, trade adjustment assistance, Federal pensions and child nutrition programs.

Regarding AFDC, some 28 changes were assumed by the conferees. Major assumptions included counting income of stepparents and other adults in determining need, eliminating benefits to dependents over 18 who are not in high school, and revising the way in which earned income is disregarded when calculating benefit levels.

The conferees made several assumptions involving the food stamp program. The intent of this effort was to more properly direct benefits to the truly needy by tightening income eligibility requirements, eliminating benefits which duplicate subsidized school lunches, and prorating the first month's benefits.

The conferees' decisions also affected the social security program. First, the conferees assumed the elimination of the social security minimum benefit and the lump sum death benefit in the absence of a survivor. Second, the conferees assumed the phase-out of social security student benefits.

Third, the conferees agreed that major reforms are necessary to preserve the solvency of the social security, civil service, and railroad retirement trust funds. The functional totals accommodate these changes.

The conferees assumed a single annual in-involving unemployment insurance (UI) and trade adjustment assistance (TAA). The primary assumptions concerned the requirement of 26 weeks of work for eligibility for unemployment benefits and paying UI and TAA sequentially rather than concurrently.

The conferees assumed a single indexation of Federal retirement benefits.

Several further changes were assumed regarding child nutrition programs. These changes included reductions in subsidies for school milk and lunch servings for higher income students. The conferees did not assume any of the President's proposals affecting the women, infants, and children (WIC) feeding program and added $300 million to the President's request for child nutrition programs.

The conferees accepted the President's proposal for a gradual increase in the rent contributions by tenants in Section 8 housing. But they also assumed a lower level of subsidized housing (162,500 additional units) than the President.

Function 700: Veterans benefits and services

The conference agreement provides budget authority of $23.3 billion and outlays of $22.8 billion for fiscal year 1981, budget authority of $24.8 billion and outlays of $24.05 billion for fiscal year 1982, budget authority of $26.25 billion and outlays of $25.45 billion for fiscal year 1983, and budget authority of $28.5 billion and outlays of $27.15 billion for fiscal year 1984.

The Senate receded to the House proposal for funding veterans programs. These proposals include an elimination of GI bill flight and correspondence training as well as other reductions in direct spending programs. Funding for veterans medical care and construction was restored by the conference.

Function 750: Administration of justice

The conference agreement provides budget authority of $4.4 billion and outlays of $4.7 billion for fiscal year 1981, budget authority of $4.3 billion and outlays of $4.45 billion for fiscal year 1982, budget authority of $4.3 billion and outlays of $4.3 billion for fiscal year 1983, and budget authority of $4.4 billion and outlays of $4.4 billion for fiscal year 1984.

The recommended levels assume the President's proposals to: (1) eliminate the formula and discretionary grant programs of the Office of Juvenile Justice and Delinquency Prevention in the Department of Justice; (2) increase funding for the Federal Bureau of Investigation, the Drug Enforcement Administration and the Secret Service; and (3) reduce funding for a number of programs in the function by small amounts through administrative action.

The recommended levels also assume funding of $100 million for the Legal Services Corporation in each of fiscal years 1982 through 1984 and maintenance of real dollar funding levels for the Customs Service and the Immigration and Naturalization Service. Funding for most other programs in the function could be maintained at current levels.

Function 800: General government

The conference agreement provides budget authority of $5.3 billion and outlays of $5.0 billion for fiscal year 1981, budget authority of $5.0 billion and outlays of $4.9 billion for fiscal year 1982, budget authority of $5.2 billion and outlays of $5.0 billion for fiscal year 1983, and budget authority of $5.1 billion and outlays of $5.0 billion for fiscal year 1984.

The recommended levels assume the President's proposals to reduce funding for the Council on Office of Environmental Quality, the central fiscal operations of the Department of the Treasury, the general property and records management activities of GSA, and the administration of the Trust Territory of the Pacific Islands by the Department of the Interior; to eliminate the Council on Wage and Price Stability and GSA's intergovernmental personnel grants program; and to increase funding for the Internal Revenue Service.

Function 850: General purpose fiscal assistance

The conference agreement provides budget authority of $6.1 billion and outlays of $6.8 billion for fiscal year 1981, budget authority of $6.5 billion and outlays of $6.4 billion for fiscal year 1982, budget authority of $6.6 billion and outlays of $6.6 billion in fiscal year 1983, and budget authority of $6.9 billion and outlays of $6.7 billion in fiscal year 1984.

These recommended levels would accommodate general revenue sharing payments to local jurisdictions at an annual level of $4.6 billion, adoption of the President's proposal to place a $145 million ceiling on the amount of Federal loans to the District of Columbia in fiscal years 1982 and 1983, the level of Federal payment to the District requested by the President, and funding for other programs in the function at or above current levels.

Function 900: Interest

The conference agreement provides budget authority of $79.5 billion and outlays of $79.5 billion for fiscal year 1981, budget authority of $85.7 billion and outlays of $85.7 billion for fiscal year 1982, and budget authority of $90.2 billion and outlays of $90.2 billion for fiscal year 1983, and budget authority of $91.5 billion and outlays of $91.5 billion for fiscal year 1984.

The conferees assumed interest rates for calender year 1981 of 13.5 percent, for calendar year 1982 of 10.5 percent, for calendar year 1983 of 9.4 percent and for calendar year 1984 of 8.2 percent. The interest rates assumed for 1982–84 reflect success in lowering the inflation rate as projected by the Administration.

Function 920: Allowances

The conference agreement provides budget authority of $0 billion and outlays of $0 billion for fiscal year 1981, budget authority of $0 billion and outlays of $0 billion for fiscal year 1982, budget authority of −$20.4 billion and outlays of −$20.4 billion for fiscal year 1983, and budget authority of −$27.8 billion and outlays of −$27.8 billion for fiscal year 1984.

The conference agreement for this function assumes adoption of legislative changes to reduce Federal spending in future years.

Funtion 950: undisputed offsetting receipts

The conference agreement for this function assumes adoption of legislative changes

Function 950: Undistributed offsetting authority of −$28.8 billion and outlays of −$28.8 billion for fiscal year 1981, budget authority of−$32.9 billion and outlays of −$32.9 billion for fiscal year 1982, budget authority of −$38.0 billion and outlays of −$38.0 billion for fiscal year 1983, and budget authority of −$43.4 billion and outlays of −$43.4 billion for fiscal year 1984.

Federal pay raises

The conference agreement provides for Federal pay raises consistent with the adoption of the President's Federal employee compensation reform proposal. The Presi-

dent's proposal would sever the connection between military and civilian pay levels and would change the method of calculating pay adjustments. Enactment of the President's proposal, which is assumed in the reconciliation instruction, would result in an FY 1982 pay raise of 9.1 percent for military personnel and 4.8 percent for Federal civilian employees.

The conference agreement assumes an average of 40 percent absorption by Federal civilian agencies of the cost of the FY 1982 and subsequent pay raises. The pay raise costs have been allocated to the appropriate functions.

RECONCILIATION

This year, Congress has opted to use the mechanisms available to it under the Budget Act to process quickly the President's plans for spending restraint. Specifically, the Congress has decided to use the reconciliation process to implement the most massive spending reduction in the Nation's history.

Reconciliation itself is a two part process. With this conference report, we conclude the first critical step. This conference report legally binds the standing committees of the House and the Senate to submit legislation to the Budget Committee by June 12, 1981, which will achieve the spending reductions indicated in this resolution.

Although it is impossible to predict exactly how and where the spending reductions will be made, the committees of jurisdiction of both chambers have already begun to draft the legislation necessary to achieve the President's objectives.

However, in order to assure that the committees of both chambers will have adequate time to complete their assignments, the date of submission to the Budget Committees has been postponed from May 31 to June 12, 1981. This should give the committees of the House adequate time to incorporate the changes in the resolution which were made on the floor of that chamber.

The conferees agreed that any legislation included in the Reconciliation Bill reported pursuant to this resolution must achieve *net* savings/spending reductions in the amounts required by this resolution.

Committee on Agriculture, Nutrition, and Forestry

The conference agreement calls for reductions in direct spending of $163 million in outlays for fiscal year 1981, $474 million in budget authority and $928 million in outlays for fiscal year 1982, $659 million in budget authority and $618 million in outlays for fiscal year 1983, and $854 million in budget authority and $795 million in outlays for fiscal year 1984.

The conference agreement calls for reductions in authorizations of $140 million in budget authority for fiscal year 1981, $3,193 million in budget authority and $3,096 million in outlays for fiscal year 1982, $3,961 million in budget authority and $3,825 million in outlays for fiscal year 1983, and $4,551 million in budget authority and $4,451 million in outlays for fiscal year 1984.

In direct spending programs, the conference agreement reconciliation instructions assumed a phase-out of the USDA storage facility loan program, the elimination of the interest waiver on farmer-owned grain reserve loans, a reduction in Farmers Home Administration direct lending and interest subsidies, the implementation of new or higher fees for commodity inspection, the elimination of the Child Nutrition summer feeding program, and the termination of special milk subsidies in schools with other USDA subsidized meal programs.

For authorizations, the conference agreement reconciliation instructions assumed a reduction in Public Law 480 food aid slightly greater than the amount proposed by the President, a reduction in agricultural conservation cost-sharing programs and rural water and waste disposal grants, a reduction in Child Nutrition programs by an amount less than recommended by the President, and the implementation of the President's targeted reforms of the Food Stamp program.

Committee on Armed Services

The conference agreement calls for reductions in direct spending of $233 million in budget authority and $233 million in outlays for fiscal year 1981, $966 million in budget authority and $966 million in outlays for fiscal year 1982, $899 million in budget authority and $899 million in outlays for fiscal year 1983, and $511 million in budget authority and $511 million in outlays for fiscal year 1984.

The conference agreement incorporates the Administration's proposed reductions in direct spending under the jurisdiction of the Armed Services Committee. Proposed reductions assume that retired military cost-of-living (COLA) adjustments will be made once-per-year and that sales of excess materials in the U.S. Strategic Stockpile of Critical Materials will occur.

Committee on Banking, Housing, and Urban Affairs

The conference agreement calls for reductions in authorizations of $5,846 million in budget authority and $133 million in outlays for fiscal year 1981, $14,498 million in budget authority and $840 million in outlays for fiscal year 1982, $17,450 million in budget authority and $2,133 million in outlays for fiscal year 1983, and $20,341 million in budget authority and $3,779 million in outlays for fiscal year 1984.

These savings can be achieved by adopting the President's proposal to eliminate the National Consumer Cooperative Bank; to reduce FmHA rural housing lending activity through the elimination of subsidized loans to middle-income borrowers and a slight reduction in loans to low-income borrowers; to terminate HUD's rehabilitation loan, neighborhood self-help development, and planning assistance programs; to integrate the urban development action grant and community development block grant programs and to reduce the program level below the current combined funding level for the two programs; and to reduce mass transit capital grants and phase out operating subsidies beginning in fiscal year 1983. The President's proposed reduction in subsidized housing is also assumed in fiscal year 1981, and a further reduction of 12,500 units below the President's proposed level of 175,000 units is assumed beginning in fiscal year 1982. These savings also assume a reduction in the existing authorization available for Export-Import Bank direct loans by an amount equal to two-thirds of the reductions proposed by the President. Such a savings is consistent with the Budget Committee decision on the Kassebaum amendment and the Senate vote on the Proxmire amendment during consideration of the Reconciliation Resolution.

Committee on Commerce, Science, and Transportation

The conference agreement calls for reductions in direct spending of $100 million in budget authority and $100 million in outlays for fiscal year 1982, $200 million in budget authority and $200 million in outlays for fiscal year 1983, and $300 million in budget authority and $300 million in outlays for fiscal year 1984.

The conference agreement calls for reductions in authorizations of $1,558 million in budget authority and $884 million in outlays for fiscal year 1982, $1,598 million in budget authority and $1,328 million in outlays for fiscal year 1983, and $1,465 million in budget authority and $1,337 million in outlays for fiscal year 1984.

The conference agreement reconciliation instructions assume all of the major reductions under the jurisdiction of this Committee proposed by the President. Included among these proposals are the implementation of boat and yacht user fees to offset part of the cost of Coast Guard activities, the termination of the local rail service assistance program, a reduction in Amtrak subsidies, the elimination of Federal funding for Conrail, and reductions in the Northeast Corridor Improvement Project, maritime construction subsidies, and highway safety grants.

Committee on Energy and Natural Resources

The conference agreement calls for reductions in authorizations of $1,331 million in budget authority and $94 million in outlays for fiscal year 1981, $3,714 million in budget authority and $3,398 million in outlays for fiscal year 1982, $3,660 million in budget authority and $3,627 million in outlays for fiscal year 1983, and $3,604 million in budget authority and $3,711 million in outlays for fiscal year 1984.

The conference reconciliation instructions assume a $3 billion per year reduction in funding for the Strategic Petroleum Reserve, the elimination of the Solar Energy and Conservation Bank, the elimination of the Youth Conservation Corps, and the reductions recommended by the President for park programs and historic preservation.

Committee on Environment and Public Works

The conference agreement calls for reductions in direct spending of $185 million in outlays in fiscal year 1982, $900 million in outlays in fiscal year 1983, and $1,365 million in outlays in fiscal year 1984.

The conference agreement calls for reductions in authorizations of $2,350 million in budget authority and $68 million in outlays in fiscal year 1981, $4,835 million in budget authority and $793 million in outlays in fiscal year 1982, $3,035 million in budget authority and $1,840 million in outlays in fiscal year 1983, and $3,500 in budget authority and $2,800 in outlays for fiscal year 1984.

Included among the conference agreement reconciliation instruction assumptions to the Environment and Public Works Committee were: a reduction in the Federal aid to Highway program obligational ceiling; a reduction in the water project construction and EPA regulatory activities; a reduction in funding for EPA's Wastewater Treatment Grant program; the termination of the Economic Development Administration with the provision of $100 million in transitional funding assistance in fiscal year 1982; the elimination of the Title 5 Regional Commissions and Appalachian Regional Commission's non-highway programs as recommended by the President; and the removal of authority for TVA's coal gasification demonstration plant.

Committee on Finance

The conference agreement calls for reductions in authorizations of $96 million in budget authority and $286 million in outlays for fiscal year 1981, $4,394 million in budget authority and $9,218 million in outlays for fiscal year 1982, $4,563 million in budget authority and $10,744 million in outlays for fiscal year 1983, and $4,675 million in budget authority and $11,589 million in outlays for fiscal year 1984.

The conference agreement calls for reductions in authorizations of $96 million in budget authority and $112 million in outlays for fiscal year 1982, $114 million in budget authority and $132 million in outlays for fiscal year 1983, and $149 million in budget authority and $177 million in outlays for fiscal year 1984.

The conferees agreed to combine several social services programs into a block grant and reduce funding in FY 1982 to about 14 percent below current policy.

The conferees assumed several restraint proposals in the health care area. These included phasing out professional standards review organizations, consolidating categorical programs into basic and preventive health block grant; and eliminating the 8½ percent nursing differential. The conferees modified the President's proposal regarding Medicaid to leave the Committee sufficient flexibility to achieve savings in Medicare or Medicaid without necessarily requiring reductions in Medicaid eligibility. The conferees rejected the proposed repeal of benefit expansion provisions contained in Public Law 96-499 and Public Law 96-611. The conferees also went beyond the President and agreed to require $150 million in additional outlay savings in the Medicare program.

Regarding AFDC, some 28 changes were assumed by the conferees. Major assumptions included counting income of stepparents and other adults in determining need, eliminating benefits to dependents over 18 who are not in high school, and revising the way in which earned income is disregarded when calculating benefit levels.

The conferees' decisions also affected the social security program. First, the conferees assumed the elimination of the social security minimum benefit and the lump sum death benefit in the absence of a survivor. Second, the conferees assumed the phase-out of social security student benefits.

Third, several changes were assumed that affect the disability portion of social security, primarily to prevent "double-dipping" into disability programs.

The conferees made several assumptions involving unemployment insurance (UI) and trade adjustment assistance (TAA). The primary assumptions concerned the requirement of 20 weeks of work for eligibility for unemployment benefits and paying UI and TAA sequentially rather than concurrently.

Committee on Foreign Relations

The conference agreement calls for reductions in authorizations of $250 million in budget authority and $130 million in outlays for fiscal year 1982, $275 million in budget authority and $200 million in outlays for fiscal year 1983, and $300 million in both budget authority and outlays for fiscal year 1984.

The reconciliation savings could be achieved by holding authorization levels for international programs to the levels proposed by the President. Although the requests for many international programs are greater than existing appropriations plus inflation, the President has requested lower appropriations and authorizations for several programs such as international disaster assistance, American schools and hospitals abroad, and payments to international organizations. By holding authorization levels for programs such as these to the President's request, the Committee can meet its reconciliation instructions without further reductions.

Committee on Governmental Affairs

The conference agreement calls for reductions in direct spending of $513 million in outlays for fiscal year 1982, $414 million in outlays for fiscal year 1983, and $357 million in outlays for fiscal year 1984.

The conference agreement calls for reductions in authorizations of $4,776 million in budget authority and $4,690 million in outlays for fiscal year 1982, $6,360 million in budget authority and $6,388 million in outlays for fiscal year 1983, and $7,462 million in budget authority and $7,440 million in outlays for fiscal year 1984.

The reductions in direct spending could be achieved by adopting the President's proposal to index Federal retirement benefits once a year.

The reductions in authorizations could be achieved by adopting the President's proposals to: (1) phase out the public service subsidy payment to the Postal Service by 1984 and to reduce to $500 million the revenue foregone payment to the Postal Service in FY 1982 and future years; (2) to place a ceiling on the amount of Federal loans to the District of Columbia for capital improvements in FY 1982 and FY 1983; and (3) to reform Federal employee compensation.

Committee on the Judiciary

The conference agreement calls for reductions in authorizations of $116 million in budget authority and $13 million in outlays for fiscal year 1982, $133 million in budget authority and $81 million in outlays for fiscal year 1983, and $144 million in budget authority and $124 million in outlays for fiscal year 1984.

The reductions in authorizations could be achieved by adopting the President's proposal to eliminate the formula and discretionary grant programs of the Office of Juvenile Justice and Delinquency Prevention in the Department of Justice.

Committee on Labor and Human Resources

The conference agreement calls for reductions in direct spending of $39 million in budget authority and $49 million in outlays for fiscal year 1981, $596 million in budget authority and $575 million in outlays for fiscal year 1982, $1,481 million in budget authority and $1,395 million in outays for fiscal year 1983, and $2,452 million in budget authority and $2,311 million in outlays for fiscal year 1984.

The conference agreement calls for reductions in authorizations of $2,388 million in budget authority and $414 million in outlays for fiscal year 1981, $10,492 million in budget authority and $2,225 million in outlays for fiscal year 1982, $12,539 million in budget authority and $11,069 million in outlays for fiscal year 1983, and $15,048 million in budget authority and $13,746 million in outlays for fiscal year 1984.

The conference assumed most of the funding levels and proposals of the President. These included the elimination of CETA public service employment, the phasing out of Professional Standards Review Organizations and Public Health Hospitals. It also included reductions for impact aid, grants and loans for student financial assistance, and the National Endowments for the Arts and the Humanities. The conference also assumed consolidation of categorical programs into block grants in the areas of elementary and secondary education, basic and preventive health services, and social services.

The conference agreed to lessen the President's reductions for several program areas including elementary and secondary education, vocational education, CETA youth employment and rehabilitation services for the handicapped. The conference agreed to restore funding for National Institutes of Health to the current policy level and restore funding for community health services and preventive health services to the 1981 level. The conference also agreed that there may be communities which wish to assume operation and administrative control over their Public Health Service hospitals rather than have the facilities closed. The Committee assumes that if such a plan is submitted to the Department of Health and Human Services and is satisfactory, the FY 1982 funds provided by this proposal will be used, in part, to continue the operation of any such hospital until a transfer of the operation can occur, and to assure that any such hospital returned to the community will comply with all code requirements sufficient to allow reimbursement under the Medicare and Medicaid programs.

Committee on Small Business

The conference agreement calls for reductions in authorizations of $97 million in budget authority and $67 million in outlays for fiscal year 1981, $526 million in budget authority and $390 million in outlays for fiscal year 1982, $564 million in budget authority and $541 million in outlays for fiscal year 1983, and $554 million in budget authority and $533 million in outlays for fiscal year 1984.

These savings can be achieved by enacting the President's proposals to raise the interest rates on SBA physical disaster loans to the Treasury borrowing rate and to eliminate SBA nonphysical disaster assistance, by eliminating SBA direct loans to small business and increasing the number of private loans guaranteed by SBA equal to the reduction in direct loans, and by reducing SBA salaries and expenses ten percent.

Committee on Veterans Affairs

The Conference agreement calls for reductions in direct spending of $14 million in budget authority and $14 million in outlays for fiscal year 1981, $110 million in budget authority and $110 million in outlays for fiscal year 1982, $108 million in budget authority and $108 million in outlays for fiscal year 1983, and $106 million in budget authority and $106 million in outlays for fiscal year 1984. The recommendations for reductions include a termination of GI bill benefits for flight training and correspondence courses, as well as additional Reconciliation reductions.

Committee on Appropriations

The conference agreement calls for reductions by the Senate Appropriations Committee totaling $13,300 million in budget authority and $1,500 million in outlays for fiscal year 1981, $3,200 million in outlays for fiscal year 1982, $1,800 million in outlays for fiscal year 1983, and $1,100 million in outlays for fiscal year 1984.

The levels in the conference agreement are the same as passed by the Senate in S. Con. Res. 9. The conference agreement does not include a similar instruction to the House Appropriations Committee in view of the fact that no reconciliation instructions were issued to House committees for fiscal year 1981.

It should be noted that the Supplemental Appropriations and Rescission Bill for 1981 (H.R. 3512) as reported by the Senate Appropriations Committee on May 14 includes rescissions and other savings that exceed the fiscal year 1981 instructions to the Committee.

Mr. DOMENICI. Mr. President, I yield the floor and reserve the remainder of my time.

Mr. HOLLINGS. Mr. President, it is my pleasure to yield to the distinguished Senator from Nebraska.

Mr. EXON. Mr. President, I must oppose the conference report on the first concurrent budget resolution. As one of the Senate conferees, I had hoped that the conference could improve upon the Senate version of the resolution. My objections to the first concurrent resolution, printed in the RECORD on May 7, 1981, pages 8808-8809, are appropriate reference here. Had the conferees improved on the Senate version I could have, with reservations, supported the report.

Unfortunately, this was not to be. The effort I made to include even cautionary language regarding the economic assumptions underlying the conference agreement was not acceptable to my fellow Senate conferees. This remains a mystery to me.

The statement I offered, but which was rejected by the majority, was the following:

Many of the managers of the Resolution,

including some who voted for the Resolution, have grave concerns regarding the economic assumptions contained therein, especially with regard to inflation and interest rates, and their effect on spending and deficits.

The fact that this innocuous statement was rejected demonstrates the majority's current unwillingness to recognize the very real possibility that the Kemp-Roth-Reagan tax cuts, which are embodied in this conference agreement, will lead us to more and more deficit spending, a total national debt far exceeding $1 trillion, and no real hope of a balanced budget.

It is clear to this Senator that we are throwing fiscal caution to the winds and are off chasing Don Quixote's economic windmills. To show how far amiss our conference assumptions are compared to other responsible estimates, I ask unanimous consent that a table to this effect be printed in the RECORD at this point.

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

COMPARISON OF CONFERENCE ASSUMPTIONS WITH OTHER ESTIMATES

	1981	1982	1983	1984
Conference deficit assumptions	−58.05	−37.65	−19.05	+1.05
CBO reestimate of President's budget	−63.7	−63.6	−61.2	−65.9
	In percent			
Conference CPI assumptions	11.1	8.3	6.2	5.5
7 leading economists' average (March estimate)	10.8	9.0	8.2	7.3
Conference T-bills assumptions	13.5	10.5	9.4	8.2
7 leading economist' average (March estimate)	12.7	11.8	10.8	8.8
T-bill futures	[1] 15.9 [3] 13.9	[2] 13.6 [3] 13.2		

[1] June. [2] March. [3] December.

Mr. EXON. Mr. President, the economic assumptions on which this resolution is based are not only not credible, but even worse, they are incredible from any standpoint of fiscal conservatism or realism. The House and Senate have boxed themselves, wittingly or otherwise, into an Alice-in-Wonderland approach on economic assumptions. I hope it will work, but I am fearful it will not.

Mr. President, I strongly supported the totals in budget cuts as recommended by the President. Indeed, we of the Budget Committee recommended and the Senate accepted totals in spending reductions in the reconciliation and first concurrent budget resolution process of several billions more in reductions than the administration recommended. I raised objections and still feel we were ill advised when the majority consistently thwarted even the minimal additional rearranging of spending priorities in some vital programs that were unnecessarily penalized.

The bottom line, however, is that even with the budget cuts, the more-than-prudent tax cuts contemplated in the resolution, we lead the people to believe incorrectly that we are slaying the economic demons of high inflation and interest rates. It is grossly false.

Mr. President, I yield the remainder of my time back to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I thank the distinguished Senator.

(By request of Mr. HOLLINGS, the following statement was ordered to be printed in the RECORD:)

● Mr. MOYNIHAN. Mr. President, this is not a balanced budget.

The conference report claims a small surplus in 1984 (p. 38):

[In billions of dollars]

	1981	1982	1983	1984
Outlays	661.35	695.45	732.25	773.75
Revenues	603.3	657.8	713.2	774.8
Deficit surplus	−58.05	−37.65	−19.05	+1.05

But, an analysis by the Senate Budget Committee minority staff, using CBO economic assumptions, shows continual deficits, with the largest occurring in 1984:

[In billions of dollars]

	1981	1982	1983	1984
Outlays	662.6	718.0	768.2	834.8
Revenues	598.9	654.4	707.0	768.9
Deficit surplus	−63.7	−63.6	−61.2	−65.9

Mr. President, if the Senate had accepted the Moynihan tax amendment to assume the Finance Committee's bill of last September, we would have a balanced budget in 1984:

[In billions of dollars]

	1981	1982	1983	1984
Outlays	662.6	718.0	768.2	834.8
Revenues	598.5	650.4	738.3	839.2
Deficit surplus	−64.1	−67.6	−29.9	+4.4

●

Mr. HOLLINGS. Mr. President, the Senator from Ohio will speak on his own time, I think.

Mr. METZENBAUM. Mr. President, I am happy to speak to this budget resolution. I have to point out to my good friend from New Mexico, who asked us not to criticize the resolution but to praise it, that he reminded me in that phrase of him who spoke about Caesar. He said "I came not to praise Caesar but to bury him." I want the Senator to know that I came not to praise the budget and I wish I could bury it.

The fact is, Mr. President, I have criticized the administration's budget plan for a number of reasons. I have said that it is cruel, that it is unjust, and that it is inhumane. And it is.

I have said that it discriminates against the Northeast and the Midwest, and it does.

I have said that the tax package hurts the poor and it helps the rich. I do not believe that the Members of Congress realize that under the budget, under Reaganomics, the people who make less than $10,000 a year will see their share of the tax burden increase by 50 percent, while those who make more than $100,000 will see their share of the tax burden decrease by 25 percent.

Is that not wonderful? We are going to do a great job for those who make in excess of $100,000 while we increase the share of the tax burden on those who make less than $10,000.

This evening, Mr. President, I do not wish to talk about the specifics of the budget but, rather, to talk about another problem in connection with this budget. This budget is dishonest. It is phony. It is a fiction. It assumes optimistic interest rates of 10.5 percent at a time when Treasury notes are selling at record levels of over 16 percent and the prime rate is 20 percent.

It assumes a rate of growth almost double that suggested by any established economist in this country. It assumes even more military spending than the bill passed by the Senate.

But it does a cute trick. It does not increase the figure for actual dollars to be paid out in 1982, 1983, or 1984.

What a joke upon the American people. This budget assumes we can build the strategic petroleum reserve by going off budget. Who is kidding whom, Mr. President? Instead of putting it in the budget—it is real dollars; it is dollars that are being spent—we say, oh, no, put it out there on the farm, put it out there, somewhere, aside where no one will pay any attention to it. Put it off the budget. But it is still $3 billion.

And whenever there is a shortfall, it assumes we can find more waste and fraud and abuse to make up the difference.

If we need $5 billion, use that figure. If we need $10 billion, use that figure. If we need $15 billion, use that figure.

Then it does one other thing, Mr. President. It totally fails to talk about social security. Oh, no. No attention paid to the fact that the President has proposed cutting social security benefits $8.5 billion. The Senate cut $6 billion in social security benefits with respect to the COLA formula. That is one approach. And the House took out $4.5 billion on a different basis entirely. How did the conference committee resolve that? They split the difference.

What are we talking about, Mr. President? Neither of those has anything to do with the Reagan proposal to cut $8.5 billion out of the people who are on social security.

Mr. President, I wish that we were able to present to the Senate a balanced budget by 1984. I wish that interest rates would fall to 8.3 percent by that year, as this conference report assumes. I wish that the rate of inflation, as measured by the Consumer Price Index, would fall in 1984 to a level of only 5.5 percent. That would truly be a victory for the American people. It would be a victory for the Congress and especially for the Budget Committees.

But does anyone really believe that the numbers in this budget will be in balance by 1984?

Come on, now; we all know that we just reached up into the sky and said, "We are going to propose some new legislative approaches; we are going to eliminate some waste and fraud, and we are

going to balance the budget in order to get certain Republicans to go along with the Budget Committee."

I do not believe that anybody thinks we are going to be in balance by 1984. Even the most ardent supply-sider must swallow a number of unrealistic assumptions if he or she is to defend this budget document.

Others, Mr. President, have already noticed the chink in the Budget Committee's armor. Just this week, the Congressional Budget Office reestimated the Conference Committee report based on what it considers to be a more realistic set of assumptions. Instead of assuming interest rates will fall to 10.5 percent in 1982, it uses the more realistic number of 13.8 percent, and every percentage point is worth $2.5 billion additional deficit.

It also assumes slightly less optimistic figures for the rates of unemployment and inflation.

Not surprisingly, the CBO comes up with a drastically different picture. Instead of assuming that we will have a surplus of $1 billion by 1984, as this conference report assumes, CBO says we will probably have a budget deficit of $65.9 billion by 1984.

Even in 1982 there is a substantial difference, with the CBO estimating a deficit of about $63.6 billion in 1982 compared to the Conference Committee, which assumes a deficit in fiscal year 1982 of only $37.6 billion.

Whenever we start throwing these numbers around, people's eyes glaze over and we lose the attention of the audience. But the point is that this conference report sets targets for spending cuts and for outlays that are unrealistic. We are instructing committees to meet these arbitrary goals. What will happen when the costs continue to expand at a greater rate than anticipated? Will the committees still be forced to meet these arbitrary budget goals? Will the administration submit another proposal to cut $40 billion more out of the budget?

Will they go back to the food stamp program, as they did when they found they were $8 billion out of balance, and take another whack out of food stamps, out of the poor? After all, who cares about the poor? They do not have any high-paid lobbyists around Congress, so we can always take a whack out of them.

As for middle-income Americans, who speaks for them? There are not many who do. They do not have any well-heeled lobbyists around these legislative halls, either.

Last Sunday, the Washington Post, in its lead editorial, pointed out the deception involved in this conference report:

> By its decision to use the stretched, bent and slightly fake figures in this budget, Congress is steering itself toward serious trouble next fall . . . this resolution sets limits for the Congressional committees in the months ahead, but the second resolution, next September, sets legally binding limits on spending and the deficit.
>
> At that point, the practice of systematic understatement becomes much more difficult to maintain. Then Congress will feel another kind of temptation—to throw up its hands, declare that the performance of the economy has been unexpectedly poor, and announce that the budget is out of control. This kind of theater is not helpful to public confidence in the budget process.

Mr. President, that is 100 percent accurate—that what we will do is say, "Well, there was some unexpected problem that developed."

As a matter of fact, a White House spokesman just the other day indicated that now the budget was going to be more out of balance than had been originally anticipated this year and blamed it on President Carter. You can only blame it on yourself if you do not level with the American people.

The American people are entitled to honesty, no matter how hard it may be, no matter how rough it may be. It is one thing to say you are going to cut back on the poor and the middle-class Americans, that you are going to take slashes out of programs for the Northeast and the Midwest and help the West and the South, and it is another thing to say, "But at least we are being honest with the people." In this budget, we are not being honest. In this budget, we are being fallacious. In this budget, we are being phony.

Mr. President, this budget resolution is the result of hocus-pocus. It is fake. It is a ruse. It does a disservice to each committee of Congress. It does a disservice to programs which help millions of people around this country. More important, it does a disservice to the whole question of the integrity of Government, and that is the real issue I bring to the Senate this evening.

Last fall candidate Reagan promised to raise defense spending, to cut taxes, and to balance the budget. This budget, engineered by the administration and by the Republican majority, perpetrates the same myth. It cannot be done. Something has to give. We owe it to the American people to be truthful.

Mr. President, this budget is like a bad check. It is going to bounce at the bank and come back to us. We would do better to start over again and write an honest budget that will not be returned marked "insufficient funds."

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

The PRESIDING OFFICER (Mr. SYMMS). Who yields time?

Mr. HOLLINGS. Mr. President, how much time do I have?

The PRESIDING OFFICER. Fourteen minutes and 46 seconds.

Mr. HOLLINGS. Mr. President, the Presiding Officer knows my views, because he and I are colleagues on the Budget Committee.

I have been appearing before the Finance Committee, and at every turn I have tried to impress on my colleagues and this administration the dilemma this country is in, particularly with this budget resolution.

Mr. President, just a week and a half ago, the Senate passed the first budget resolution for fiscal year 1982. I opposed that measure then and I likewise must oppose the conference report now before us for the same reasons.

The resolution contains a reconciliation instruction that calls on other committees to achieve savings of $36.5 billion in fiscal year 1982. I wholeheartedly support this reduction in spending and will work to insure that these instructions are met. But apart from reconciliation, this budget remains a fraud.

Briefly, this conference report fails to keep faith with the American people who believe the Congress is committed to balancing the budget by fiscal year 1984. While the conference agreement purports to reach a surplus of $1 billion in 1984, the truth is that this nominal surplus will actually be a large deficit.

Because of the unrealistic economic assumptions adopted by the conference, its endorsement of an excessive, mid-directed Reagan-Kemp-Roth tax policy and its reliance on phony savings, the budget is likely to be in deficit by about $66 billion, in 1984.

This budget totally ignores the economic outlook of the professional, nonpartisan Congressional Budget Office. The budget was formulated using "Reaganomics," which predict twice the growth rate in 1982 forecasted by CBO, as well as totally unrealistic inflation and interest rates.

The Reagan-Kemp-Roth tax cuts endorsed by the conference are not only excessive in amount, they are mistargeted. With falling productivity one of the most serious problems facing this Nation, the tax cut assumed in this budget resolution would direct only 20 percent of the tax relief to business, where increases in investment must occur if productivity is to improve. Despite claims to the contrary, this tax policy offers only a minimal program to expand supply and increase productivity. This kind of "economic laetrile" will not help our economy.

Mr. President, the budget must set forth the kind of fiscal policy that will give the business community the confidence to invest in productive capacity. But the policies embodied in this budget cannot produce the kind of economic performance that is projected. Thus, its credibility is severely strained. The recent sharp increase in interest rates, hitting 20 percent on Monday, are evidence that even Wall Street does not have confidence in the Republican policies contained in this budget resolution.

The conference report also repeats the mistakes of the Senate-passed resolution by adopting unrealistic spending estimates in the defense function. I support the administration's commitment to increase our military capabilities. But this budget resolution underprices the true cost of those increases. This underpricing is over $5.0 billion in fiscal year 1982 due to low outlay assumptions. It is $8.7 billion if you include the unrealistic defense deflators used in the resolution. The 3-year figure for fiscal year 1982–84 that the defense budget is unpriced is roughly $50.0 billion due to both low outlay assumptions and the wishful deflators. These spending shortages will not allow us to buy the weapons and personnel the administration has requested and, thus, will damage our credibility at home and abroad.

Along with the phony outlay estimates in the defense function, the budget in-

cludes unidentified, unspecified additional cuts of $20.4 billion in 1983 and $27.8 billion in 1984. Heaven knows where these cuts will come from or how they will occur.

Mr. President, the assumptions used in the conference report severely limit its credibility. This resolution will not restore confidence in our economy and get us on the road to economic recovery. It could well send us further down the path of high inflation, low growth, and increasing deficits.

It is for these reasons that I must vote against this conference report.

Mr. President, I do not mean to challenge the President. I have read that we were trying to challenge him. On the contrary. It was the President, himself, who admonished, "If you don't like my program, present an alternative."

So, Mr. President, I present that alternative. These tables show an analysis of the figures in this resolution, the President's program, and then how the budget would be balanced under my alternative tax cut plan, which the Senate considered during debate on this resolution. I ask unanimous consent to have these tables printed in the RECORD.

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

FIRST BUDGET RESOLUTION, FISCAL YEAR 1982, CONFERENCE AGREEMENT

[Reestimated using CBO economic assumptions, in billions of dollars]

	Fiscal year—			
	1981	1982	1983	1984
Budget authority	719.4	787.95	844.0	912.6
Outlays	662.6	718.0	768.2	834.8
Revenues	598.9	654.4	707.0	768.9
Deficit	−63.7	−63.6	−61.2	−65.9

Note: Includes reestimate of administration's defense program.

If the Hollings tax cut amendment had been adopted and incorporated in this budget resolution, instead of the Roth-Kemp-Reagan tax cut, the budget would show a true surplus by fiscal year 1984:

	Fiscal year—			
	1981	1982	1983	1984
Budget authority	719.4	787.95	844.0	912.6
Outlays	662.6	718.0	768.2	834.8
Revenues	603.7	682.8	758.7	847.1
Deficit	−58.9	−35.2	−9.5	+12.3

Mr. HOLLINGS. Mr. President, with respect to COLA, I refer to page 48 of the statement of managers. Some newspapers articles have mistakenly reported that we did not consider COLA changes in conference or that we eliminated the savings that could be achieved from COLA reform. On the contrary, I read the language from page 48:

The conference agreement takes cognizance of the fact that Congress may wish to consider changes in the cost-of-living formula used in the various governmental programs.

So reform of COLA can be used to achieve the targets in this resolution.

Mr. President, the Senate-passed resolution sent to the conference, assumed this saving. We included in function 600 a savings of $6 billion from reform of COLA. The conference agreed on a $4.5 billion cut, which reduced the COLA savings somewhat. But the conference agreement did take cognizance of the fact that Congress may wish to consider changes in the cost-of-living formula.

The conference did not negate any chance for that to be done. I strongly recommend such action to my colleagues on the other side of the aisle who are new playing with the idea of breaching the trust under social security by reducing program benefits to some recipients.

My COLA approach did not affect just social security. It applied to all senatorial retirees, all civil service and military retirees, railroad employees, and veterans, as well as social security recipients. My plan asked us to consider the workers, the taxpayers who are sustaining a fund that is almost broke and will have to sustain the fund next year, and said: "Let us at least be fair to the workers and not overcompensate the retirees." The difference in benefits between using the cost-of-living index of 11.4 percent and the wage index of 9.9 percent was only $4 a month, $48 a year.

So it was won in fairness and understood and appreciated by the social security retiree.

But the administration now proposes to take from those forced by ill health to retire early at age 62. According to Robert Ball, the former Commissioner of Social Security, the majority of early retirees are forced to retire by poor health. So what the administration's proposal would do is break the contract with them. And they would be penalized twice: once by ill health and then by a cut in benefits from 80 to 55 percent.

That is no way to create confidence in the overall program, on most of which I agree with the President. His program would cut spending, cut taxes, cut regulations, and increase defense but it has to be done in a judicious fashion. The tax cut must be done by steps and we must keep faith with those with whom we have a contract, like the retirees. There is no need to cut basic social security benefits. My COLA amendment would make the social security trust fund fiscally sound up to the year 2000.

In the tables on page 39 of the conference report, Mr. President, you find the economic assumptions used by the conference committee.

I ask unanimous consent to have printed in the RECORD at this point the table from the conference report assumptions on page 39 and then immediately thereafter the Congressional Budget Office assumptions.

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

ECONOMIC ASSUMPTIONS

[Calendar years; dollar amounts in billions]

	1981	1982	1983	1984
Gross national product:				
Current dollars	$2,941	$3,323	$3,734	$4,135
Constant (1972) dollars	$1,511	$1,572	$1,651	$1,725
Percent change	2.0	4.2	5.0	4.5
GNP deflator (percent change, year over year)	9.7	8.3	7.0	6.0
Consumer Price Index (percent change, year over year)	11.1	8.3	6.2	5.5
Unemployment rate (annual average, percent)	7.6	7.2	6.6	6.4
Taxable incomes:				
Wages and salaries	$1,498	$1,682	$1,863	$2,051
Nonwage income	$541	$612	$683	$745
Corporate profits	$242	$280	$321	$360
Interest rate, 3-mo. Treasury bills (percent, yearly average)	13.5	10.5	9.4	8.2

CBO ECONOMIC ASSUMPTIONS

	1981	1982	1983	1984
GNP (percent change)	11.8	11.9	11.5	11.1
Real GNP (percent change)	1.3	2.5	2.7	3.0
GNP deflator (percent change)	10.3	9.2	8.6	8.1
CPI (percent change)	11.3	9.5	8.9	8.2
Unemployment rate (percent)	7.8	7.9	7.8	7.7
Treasury bill rate (percent)	12.6	13.7	11.5	10.2

Mr. HOLLINGS. What really disturbs me is when my distinguished colleague, the Chairman of the Budget Committee, says:

I would recommend to all my colleagues that we not criticize this resolution.

I quote further from the chairman's statement:

This is a watershed budget, just as November 1980 was a watershed in recent American political history. We are saying that we no longer want excuses: no more explanations of uncontrollables in the budget, or technical reestimates of spending rates or of international events that have dashed our hopes for fiscal discipline.

Here are the targets we believe are the best for the Nation, and here is the most massive restraint in spending in the history of the country, and now we must go forth and do even more, if need be, to meet these targets.

I do not think the American people want any more excuses, and I do not think we in Congress should tolerate any more excuses.

Mr. President, the Senator from New Mexico goes on to say:

If Congress passes a larger tax cut than that proposed by the President, such additional cuts would increase the deficit on a dollar-for-dollar basis.

I have already put in the RECORD how the budget can be balanced with a smaller, more responsible, tax cut.

There are several excuses that will probably be offered if this budget does not achieve its goal. If a continuation of very high interest rates cripples the economy, that is an excuse. If the drought in this Nation continues, that is another excuse. If the world crop harvests are poor, that is another excuse. If we have an energy crisis, that is one more excuse.

If a host of other unforeseeable events

occur, then the spending and deficit levels could not be achieved.

The Republicans continually talk about "tax increases." But they show no understanding about where the increases come from.

These "tax increases" result from the Government's fiscal policy. No one is introducing a bill to increase the tax rate. There has not been such a bill in 20 years. The Government's policy has called for deficit spending for the past 10 years and that has fueled inflation and driven taxpayers into higher tax brackets. Look at what happens with deficit spending. Interest rates were up to 20 percent on Monday.

Instead of the deficit of $58 billion this resolution projects we are actually going to have, according to CBO, Mr. President, a $63.7 billion deficit this year. I call that fact to the attention of the distinguished Presiding Officer, my colleague on the Budget Committee. He knows the administration is frantically trying to come up with more budget cuts. It needs $67 billion in order to balance the budget in 1984.

Mr. President, if they had those cuts in mind and they could specify them with any degree of assurance, would a majority of this Republican Senate support them?

Why did they stop at $36 billion? If a continuation of very high interest rates cripples the economy, we will have to cut more. How much did they cut spending? They cut spending $36 billion. But look at the outlay figure. Total outlays are still increasing. In the current fiscal year outlays will be $662.6 billion, next year they rise to $718 billion. We cut spending only $36 billion but outlays still increase. Add to that a demand-side, inflationary, expansionary, across-the-board tax cut and the deficit is huge. In 1982 we are going to have a deficit of $63.6 billion; in 1983 it will be $61.2 billion; and in 1984 it will be $65.9 billion.

I respectfully submit that is why Henry Kaufman is critical of this plan. Dr. Arthur Burns has also criticized the administration's plan. He was Chairman of the Council of Economic Advisers under Dwight Eisenhower. He was chairman of the Federal Reserve Board. When he was asked whether we should have a $44 billion across-the-board cut, he said no.

Now they say get that man out of town, make him an Ambassador, send him to Germany or some place; we have to get rid of him.

We have heard similar warnings from Herbert Stein. He was Chairman of the Council of Economic Advisers for both President Nixon and President Ford. I wonder what post they are going to give him.

But it is a sad day when a budget resolution like this one is presented and we are expected not to criticize it, but to praise it.

Henry Bellmon would not have supported this budget. Ed Muskie would not have voted for it. Bob Giaimo would not have voted for this. The budget process is in total disarray.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, it is with real regret that I heard the last couple of minutes of my good friend's statement. I would not argue with anything he said before that. He has his views and I have mine.

Before I say what I am going to say, he knows that I hold him in the highest respect, and I want to say right here on the RECORD that President Reagan could not have accomplished his budget cut package without the cooperation of the distinguished Senator from South Carolina, the ranking minority member of the Budget Committee. I am speaking of the historic reconciliation instructions that he helped with and that we got through.

I also want to say that, if we are going to have a budget process as we have had one in the past, it is going to be with the support of the good Senator from South Carolina who is staunch in his support of this very cumbersome process. It may be cumbersome but it is the only one we have.

But I do think it is wrong on his part, that he has a bit of audacity, to personalize this resolution as something that other people would not have presented. He assumes it is wrong and it is going to be in error, and he assumes that when we are finally finished we are going to be off. He, therefore, says those who preceded us would not have presented this resolution to the Senate.

Let me say I can raise my voice, not with that southern flourish, but I can raise it. Let me say if we want to criticize a resolution as being in error, it is the first budget resolution for fiscal year 1981 we should criticize. I am going to be honest about it. Senator HOLLINGS did not prepare it, he was not the chairman who reported it. Senator HOLLINGS handled it on the floor of the Senate however. He debated in favor of it. He bragged over the country that he had a balanced budget. He presented it, and I will tell you that was only 5 months thereafter that the deficit in that resolution went up $29 billion. That was inadvertent, but that was integrity, that was honesty.

Our resolution might be off, but Senator HOLLINGS says it is the opposite. It is intentionally misleading. The President's economic plan is crazy.

Well, let me tell you, the balanced budget, the First Budget Resolution of last year, which I remind the Senate my good friend managed, became second budget resolution for fiscal year 1981. My good friend managed that resolution also. We only went from balance to a $58.8 billion deficit, by the time we had to revise that budget yet again in this resolution. He is telling us today that even that is low. He is reading figures that imply the deficit is going to be $63 billion according to the CBO.

Let me just say, he tried his best and we did not accuse him of fraud or chicanery, because it turned out wrong. But it did turn out wrong. I do not think President Reagan's economic plan deserves to be misrepresented as some sort of fraud, but that is what Senator HOLLINGS is doing here tonight.

Optimistic? Yes, this budget is optimistic, but basically it is the President's budget. In the out years? Yes, it will be difficult, tough to bring it in balance, but we made room for the President's tax cuts. I do not know if Congress is going to pass them, but the President and Congress deserved an opportunity for congressional consideration. We allow room for the tax cut in a nonbinding manner. Is that hypocrisy? Is that dishonesty? Is that advertently cheating? Contrast it with inadvertently misleading the American people last year with a balanced budget which is $58 billion in the red as of tonight; and according to the distinguished Senator from South Carolina, the deficit is still climbing. Yet Senator HOLLINGS says our targets are in some way not only in error, as his obviously were. He says it is even worse than that. He says we are ruining the budget process.

Senator HOLLINGS says men of integrity would not produce this resolution. I do not really think the Senator meant what he said. But I feel compelled to say, I am as committed to this process as he is. And it is a tough process.

I venture to say, in all honesty, that in January no one assumed we would use reconciliation to achieve $36 billion worth of spending cuts. None of the committees in this Congress, except perhaps Finance and Appropriations, expected a mandatory instruction to reduce spending. But we got it. I take a bit of credit for that, and I am a bit proud. We are stretching, and it may not work.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. DOMENICI. Mr. President, I yield myself 3 additional minutes.

But I think this is the most dramatic, positive change in the budget process since its inception.

Even if this resolution has all the negative characteristics attributed to it by the Senator from South Carolina, I suggest it has positive features. I take credit for that part. I not only take credit, but it is with great pride that I present these historic changes to the Senate.

If President Reagan's 1982 economic plan were prepared between November 20 and the date we started reconciliation, I take a great deal of pride in helping with that. I take pride in having suggested the reconciliation process.

My final remarks are to both the Senators who have been critical here tonight. They know full well these are targets. If they want to give up, let them give up. If Senator METZENBAUM wants to give up and say these targets cannot be met, that we ought to spend more, let him give up. The conferees did not agree with him. The majority of the House of Representatives did not agree with him. The President does not agree with him. And I am not about to agree with him, nor is the Senate.

To get back to my good friend from South Carolina, as he read all the excuses, if you go down just a little bit further in my speech, to paraphrase myself, I said: Yes, all of those are excuses, but we cannot stand them any more and

we better enforce these targets and not stand here tonight and say they will not work, they are optimistic. Make them work.

That is what targets are for, to make people meet them. And that is what this is all about.

As far as 1983 and 1984 are concerned, there is no question that we are dealing in some very difficult assumptions, some very difficult areas of reform, some very difficult concepts of a macroeconomic nature. We did the best we could. We did not mislead anyone.

That balanced budget in 1984 is easily analyzed by anyone. There are huge savings that have to be made if we are to achieve that balanced budget. It is not automatic, and we do not predict that it will happen because of reconciliation. we say that if the whole tax package is passed, many, many more cuts will have to be found if we are to balance the budget. They can be easily identified.

For those who do not think savings will be achieved through rescissions, find the savings somewhere else. For those who do not think savings can be achieved by cutting waste, fraud, and abuse, they can find the savings somewhere else.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. DOMENICI. Mr. President, how much time does the Senator from New Mexico have remaining?

The PRESIDING OFFICER. Three minutes and 26 seconds.

Mr. DOMENICI. Mr. President, I yield myself 1 additional minute.

I want to close by merely saying to my good friend from South Carolina, I understand that he has a tax plan. He thinks his is a better plan than the President's. I understand that he has presented it, I understand how truly dedicated he is to it. I really cannot help it if the Senate has not accepted his plan. He has tried more than once and the Senate will not vote for it.

This resolution makes room for the President's tax cut, not Senator HOLLINGS' tax cut, because the Senate voted to make room for the President's plan and rejected Senator HOLLINGS'.

Senator PETE DOMENICI did not make that choice. The last time the Senate voted on Senator HOLLINGS' tax cut he got 14 votes. I am sorry about that, but I cannot put his tax cut in this resolution when only 14 Senators vote for it. That is the bottom line.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. DOMENICI. Mr. President, I yield myself 1 additional minute.

We have tried in every first budget resolution, every year, to be right. We have tried to be honest. We have tried to use the CBO where we could. And, yes, that changed this year. We did not use CBO economic assumptions in this resolution. We accepted President Reagan's in most instances.

But let me just remind the Senate, I just gave you an example of how far we have been off when we used CBO—only $58 billion. I can tell you the CBO has been off 210 percent over just 2 years in estimating economic growth.

This is the best budget we could produce. It is, for all practical purposes, the President's budget. I do not think it is chicanery, deceit, fraud, or the other things that this budget has been called tonight. I do not think the compelling majority that supported it, and will support it tomorrow, believe that either.

Mr. HOLLINGS. Mr. President, if you knew the history of our budget process and how we have worked so closely and so diligently and so carefully in considering a half of a percent in economic assumptions, or the level of unemployment or the interest rate or the growth rate, you would see that we always said, "Let's look at these matters objectively." And we always used, Mr. President, the figures and assumptions of the CBO.

So, Mr. President, when we started the budget debate—and let me diverse for one minute. It is very gratuitous that the Senator from Virginia came into the Chamber when we started debating the resolution the other day and he spoke about George Mason. He said, "I cannot sign that constitution because we have slavery, which is the seed of the destruction of the union." And Mason of Virginia refused to sign it.

Well, we started this budget resolution with the seeds of the destruction of the budget process itself. We started in the Senate and went right into the conference. And the resolution is a fraud. Our financial markets are floating. But all we hear around the Senate is what a great budget we have and please do not criticize it. Our millionaire Senators just file their tax returns. But they are buying money market certificates. They might be voting for this resolution right now and I might have only 14 votes for my tax cut—but my colleagues are telling me quietly that they hoped I would prevail because they are against inflation like I am. They do not have confidence in the stock market and in this resolution achieving what it is proclaimed to achieve.

We did use chicanery in developing this resolution. We re-created in this budget—after using all the false figures on interest and inflation and still not achieving a balance—we re-created function 920 and we called it allowances. But with a small amount of detective work anyone can really see it is nothing but unspecified cuts. This phony approach fools no one.

You should have been in the conference, Mr. President. It got very amusing. Mr. JONES, the chairman of the House Budget Committee, along with other conferees, looked at proposed conference totals for defense in 1983 and 1984 and asked, "If we are generally splitting the difference in all the other functions, why not split the difference in the defense function for 1983 and 1984." And I said, "Fine, let's go and do that."

Several conferees seemed to share that view including those proclaiming the phony balance in fiscal year 1984. But then the staffs supporting the fraud started jumping and squirming and grabbing their members when they finally realized that if they did that—that little $1 billion surplus figure in fiscal year 1984—that little $1 billion surplus—would disappear.

So they went ahead and split the difference between the House and Senate in budget authority for defense in 1983 and 1984, but the Senate took a motion for its lower figure in outlays instead of splitting the difference, which is a false way of doing business because budget authority drives outlays. But when one looks at the transcript for the conference and you look at the actual figure printed in the conference report, you will find that the motion to keep Senate outlay numbers is not the totals reflected. The report has different figures.

So the figures for defense in 1983 and 1984 for outlays do not respond to the transcript taken by the recorder. That is the kind of thing I am talking about when I speak of jimmying figures.

Now, that is exactly what has happened in this budget resolution. Anything will be done to say that the resolution provides a balance in 1984. Yes, we had a deficit in the second resolution for 1981. We did not have a balanced budget. That was last August. The resolution, we agreed to had a deficit of $17.9 billion.

And then came the lameduck session after the election. We spent another $20 billion. And then came 20-percent interest rates in November, and for December, 21 percent. And nobody in the Federal Reserve told us they were going to do that on the money supply.

But we did not jimmy all the little figures around in that resolution. I can tell you that. We did not have a dummy account. That is exactly what I am talking about right now.

So we used an entirely different procedure. We did not create fraud. The whole matter wraps up into the proposition contained in this resolution. We pray that the Finance Committee will save us when we dive into an empty pool. This resolution prays that they will fill it up.

The PRESIDING OFFICER. The time of the Senator has expired. Who yields time?

Mr. DOMENICI. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. One minute and thirty-two seconds.

Mr. DOMENICI. I just want to make a few observations. I think the Senator from Ohio said that the budget was full of chicanery. I think he said something about SPRO. He was wrong. We do not assume SPRO can be filled. We cut out $3 billion. Neither do we assume SPRO will be funded off budget. We did not put it off budget. It is just not anywhere in this budget.

With reference to one comment made by the Senator from South Carolina, he is correct. In the outyears, on the military, we did split the difference, as he described it. I hope the Senator is not correct, however, that we actually falsified numbers. I did not do that.

Mr. HOLLINGS. I know that.

Mr. DOMENICI. If someone falsified numbers, we will see who did it. I did not.

Let me just close saying once again that it has been a real pleasure to work with all the members, on both sides, on the budget. It has been a strenuous 3 months, 3 tough months. But it has been a rewarding 3 months.

I once again want to thank the distinguished Senator from South Carolina for his support, with regard to the spending

cuts in this budget. They could not have been achieved without his help.

Finally, I want to thank the majority leader and his staff, and the Budget Committee staff. It has been a long 3 months for them as well. I appreciate all they have done. And I can only say, this Senator believes this resolution is worth the effort.

Mr. CHILES. Mr. President, I want to congratulate Chairman DOMENICI on successfully bringing back this conference agreement on the first budget resolution for fiscal year 1982. While I do not agree with everything in the resolution, I think that overall the chairman has done an outstanding job.

Mr. President, I would like to clarify the situation with regard to the level of funding for vocational education. The chairman may recall that during consideration of the reconciliation bill, I offered an amendment to restore $100 million, or half the proposed cut in vocational education. That amendment was defeated by a close vote. However, the budget resolution that passed the House of Representatives did not assume that large a cut in vocational education. It is my understanding that the conference agreement restores $100 million for fiscal year 1982, both in the function 500 total and in the reconciliation instruction to the Committee on Labor and Human Resources. Is that correct?

Mr. DOMENICI. The Senator is correct. Of course, the specific funding levels for vocational education will have to be determined by the authorizing and appropriations committees. The additional cut of $500 million which we took in conference will add to the overall pressure on funding for education and other programs in this function. But we did assume that there would be less of a cut in vocational education.

Mr. CHILES. I thank the chairman for this clarification. Vocational education programs are one of our top national needs. As we look at the need to revitalize our economy, and upgrade the level of technology in our industry, that will create even greater needs for vocational skills. We need a continued commitment to keep our vocational education programs up with modern technology. In the appropriations bill which we are also considering today, the Appropriations Committee has accepted my suggestion that we give top priority to the program improvement section of vocational education funding, so that we can meet these new needs.

Mr. DOMENICI. Mr. President, the Government Printing Office made a number of errors in the printing of the conference report on House Concurrent Resolution 115. Those errors were perfectly understandable, as the report was filed on May 15, when the Budget Act requires all authorizing legislation must be reported, and they are not so serious as to suggest a reprint of the report.

I have an errata sheet, which includes corrections of all the printing errors, and I ask unanimous consent that it be inserted in the RECORD at this point.

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

[Errata]

CONFERENCE REPORT 97-86 TO ACCOMPANY HOUSE CONCURRENT RESOLUTION 115

(1) On page 9, second line from the bottom, "$34,200,000" should be "$34,200,000,000".

(2) On page 38, in the table, for function 920, allowances for fiscal year 1984, the amounts should be "−$27.8" for both budget authority and outlays.

(3) On page 38, in the table, the net decrease in revenues for fiscal year 1983 should be "$97.1".

(4) On page 41, the words "fiscal year 1982" should appear above the aggregate totals.

(5) On page 44, third line, the phrase should read "and reconciliation instructions to 15 House committees . . .".

(6) On page 45, the fiscal year 1982 budget authority amount for the Banking, Housing, and Urban Affairs Committee should be "−$14,498".

(7) On page 45, the fiscal year 1983 budget authority amount for reductions in authorizations for the Governmental Affairs Committee should be "−$6,360".

(8) On page 45, the fiscal year 1982 budget authority amount for total instructions to all committees should be "−$50,694".

(9) On page 46, in the table on the credit budget for fiscal year 1982, the direct loan obligations total for function 350, agriculture, should be "$8,880".

(10) On page 48, the last line of paragraph numbered (6) in the middle of the page should read "are met most effectively".

(11) On page 48, in the first line of the first paragraph under "amendments in technical disagreement", add the word "to" after "House".

(12 On page 50, insert the heading "Amendment numbered 174:" ahead of the text for that amendment.

Mr. KASTEN. Mr. President, 3 million new jobs, more take-home pay, less Government intervention, a low inflation rate, and a real chance for a balanced budget by 1984. That is what this Reagan bipartisan budget means to the American people.

But it signifies much more. Somebody finally stood up and said there is nothing wrong with America that a smaller dose of Government, and a little persistence, will not solve. We finally have a President who believes the American people are not the cause of our problems—they are the solution.

Americans have been held down too long by excessive taxation, Government regulation, and double-digit inflation. Once we remove the burdens of a bloated Federal bureaucracy, we can have economic growth, a sound dollar, a rising standard of living, and a strong defense. The American people know we can, because we have done it before.

Last week the Senate endorsed this bold new approach to governing when it passed the Reagan budget by an overwhelming 78 to 20 margin. A bipartisan majority in the House adopted the Reagan program by a similar margin a week earlier. Congress did not rubberstamp the President's package—every proposal was given careful study, and some significant changes were made. For example, we added $300 million for school lunches; restored full funding for the women, infants, and children feeding program; added $100 million for vocational education and $62 million for guaranteed student loans; added $272 million for basic health services and $439 million for veterans health; and recommended that substantial savings be made by adopting a new funding method for the strategic petroleum reserve.

And yet both Houses of Congress ended up endorsing an economic plan that provides a new vision of Government for the American people. Both voted for a shift of direction in three major areas of Government policy: Federal spending, Federal taxation, and national defense.

CONTROLLING FEDERAL SPENDING

The first budget resolution contains spending cuts even larger than those proposed by the President, cuts that were unanimously supported by the Senate Budget Committee and passed overwhelmingly by the Senate. Through this reconciliation instruction, congressional committees will be required to save at least $36.5 billion in 1982, $47 billion in 1983, and $55.8 billion in 1984.

Overall, these budget cuts are across the board, involving more than 300 agencies and programs. They are even-handed—spending for social programs will continue to increase. And they are distributed evenly among all regions of the country, as the following table illustrates which I ask unanimous consent to have printed in the RECORD.

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

BUDGET CUTS BY REGION

Region	Percent of total reduction	Per capita reduction
Northeast	21.1	$170
Midwest	23.8	158
South	33.4	170
West	19.3	168
Other	2.3	

Source: The White House.

Mr. KASTEN. Mr. President, control of Federal spending is essential to solving our economic dilemma. To cover its burgeoning deficits, Washington has fallen into the habit of printing more and more money, leading to the double-digit inflation we have today. The Federal budget has been out of control for years—we ran a deficit every year of the past decade, and Federal spending increased by an incredible 200 percent. Over the past 3 years Federal spending has been growing at a rate of more than 15 percent a year. This budget resolution simply proposes to cut spending growth by two-thirds over the next 3 years, which would balance the budget by 1984.

REDUCING THE FEDERAL TAX BURDEN

Equally important are the Reagan tax cuts, the key to strong economic growth in the years ahead. The Senate Budget Committee handed President Reagan his first important tax victory when it allowed room for the entire tax cut. I, for one, believe the American people deserve nothing less than the full, 30 percent personal income tax cuts, along with accelerated depreciation to spur business investment and create new jobs.

We have heard all kinds of arguments about tax cuts, but the botton line is this—if we do not cut taxes in 1981, they

are going to go up. In fact, if we do not pass a tax cut now, taxes will go up by almost $200 billion by 1985. That would put the total tax take in 1986 at more than 1 trillion dollars, more than 23 percent of the entire U.S. gross national product.

The average American family knows that taxes have been going up, year after year. Bracket creep has raised many American families up into tax brackets once reserved only for the wealthy. Take the example of a family of four that earned $20,000 in 1972. Today it has to make $39,000 to keep up with inflation. But in the process of earning catch-up pay increases, it finds that it is no longer in the 24 percent tax bracket—but the 43 percent bracket. And by 1986, if this inflation continues, will be in the 50 percent tax bracket.

The following table shows that Americans need almost all of the 30 percent personal income tax cuts just to stay ahead of bracket creep.

I ask unanimous consent to have it printed in the RECORD.

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

REAGAN PERSONAL INCOME TAX CUTS COMPARED WITH TAX INCREASES FROM INFLATION (BRACKET CREEP)

[In billions of dollars]

	1981	1982	1983	1984
Income tax increases (from bracket creep)	+13.0	+36.0	+61.5	+93.6
Reagan personal income tax cuts	−6.4	−44.2	−81.4	−118.1

Source: Joint Committee on Taxation, U.S. Congress.

Mr. KASTEN. Mr. President, the Senate Budget Committee has rejected the idea that we can balance the budget and slow inflation with higher taxes. We have had higher and higher taxes for the past 4 years—and along with them has come the worst siege of inflation in half a century. If we allow taxes to continue to increase, the economy will break down into a severe recession. That $200 billion in additional revenue will evaporate, and Federal spending on safety net programs will explode. As President Kennedy said when he proposed his across-the-board tax rate cut almost two decades ago:

> Our true choice is not between tax reduction on the one hand, and the avoidance of large Federal deficits on the other. . . . An economy hampered by restrictive tax rates will never produce enough revenue to balance the budget—just as it will never produce enough jobs for enough profits.

REBUILDING THE NATIONAL DEFENSE

Since the mid-60's, U.S. defense spending in real dollars has declined, and the Soviet Union has engaged in the most massive military buildup in history. The Soviets have spent two-and-a-half times as much as the United States on strategic nuclear forces; they have increased their number of deployed ICBM's from 29 to 950. The United States, on the other hand, has not deployed a new strategic delivery system since 1967, and at any one time, almost half of the combat aircraft in the U.S. Navy and Air Force are unable to fly because of spare part shortages.

The Senate Budget Committee has called for a restoration of our country's "margin of safety" on the military front. I have joined a majority of the members of the committee in voting for a steady, long-term buildup of American forces over the next 5 years—amounting to a real growth rate of 7 percent a year. A substantial portion of that increase will go into pay raises for our military personnel.

At the same time, spending for social safety net programs, such as social security, will continue to increase. The following table shows the shift in budget priorities that will occur if our first budget resolution recommendations are carried out.

I ask unanimous consent to have the table printed in the RECORD.

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

MAJOR SHIFT IN BUDGET PRIORITIES: PERCENT OF OVERALL BUDGET

	1962	1981	1984
Defense	47.8	24.7	33.2
Safety net program	25.0	36.8	40.1
Net interest	6.0	9.8	8.8
All other	21.2	28.7	17.9

Source: The White House.

CONCLUSION

Mr. KASTEN. Mr. President, the American economy is still the strongest in the world, but it has been abused for too long by too many administrations. Too many economic game plans—no matter how well-intentioned—have gone astray. We have attempted to spend our way to prosperity, to stop inflation with wage and price controls, to balance the budget by raising taxes, and even to blame our economic problems on a "malaise" among the people.

Now we have a rare opportunity—a chance to redirect the economic future of our Nation. Seldom are the issues as clearcut, and the American people as united, as they are today. It is time for a fresh start, a new beginning. That is what the people were trying to tell us last November, and that is the mandate we will have to live up to in 1982.

But in 1981, our economic problems are complex and entrenched. Unless we act—and act boldly—we have to expect continued double-digit inflation, continued high interest rates, continued unemployment, continued stagnation, and little real growth.

The best strategy for solving these problems is a broad and comprehensive package that takes advantages of all the economic tools we have at hand. I have joined my colleagues on the Senate Budget Committee in calling for quick enactment of such a package. We have called for lower tax rates, fewer regulations, more employment opportunities, less Federal intervention, more local control, a strong defense, and a sound dollar. Now it is up to Congress to enact the legislation that will make the Reagan economic program a reality.

To paraphrase the President, "Isn't it time we tried something new?"

Mr. ARMSTRONG. Mr. President, only 4 months ago today, a new government was sworn into office with a mandate for change and reform unlike any other in decades. In these short months President Reagan has fulfilled his promise to the American people by charting a radically different course for this country.

This budget resolution is the first installment of the Reagan promise. It provides for unprecedented budget savings through programmatic reductions. The old days of politics-as-usual budget building are gone for good. We are at last prepared to admit that we have been living beyond our means for too many years now. And not only admit it, but do something about it.

This budget document is also a blueprint for a strong defense. It provides for the sizable increase in defense spending that the President promised and that these dangerous times demand. For too long, we have been complacent about, and neglectful of, our place in the world as freedom's fortress. We have paid a heavy price for that neglect and that complacency. We can no longer afford the weakening of our defense posture.

Finally, this resolution shows the way to an incentive tax policy that is designed to spur capital investment, increase productivity and thrift, and create jobs—all of which, when coupled with the thorough-going regulatory reform that is already underway, will reawaken the sleeping giant of American enterprise.

In short, this budget resolution is a prescription for economic recovery from a quarter century of stagnation. It is true that, in those 25 years, our real gross national product has grown about 150 percent and that the average after-tax income, in constant dollars, has nearly doubled. But inflation is 10 times higher and today it takes $3 to buy what only cost $1 in 1954. Total Federal spending then was only $70.9 billion; in 1981, it will be nearly 10 times that. Then the national debt, even after the Korean conflict, was only $270 billion; today it is within a hair's breadth of a staggering $1 trillion.

The Federal Government has been taxing the ordinary wage earner to distraction and still spending more than it takes in. I think there has developed in this country a firm consensus that substantial relief is essential, and essential now.

Because behind the statistics of runaway Government can be found the quiet, daily hardships of ordinary people—people who are taking second jobs, selling nonessential possessions, skipping meals, taking on more overtime work, postponing retirement and going deeper into debt just to make ends meet. Over the years, the quality of American life has declined, not due to an erosion of American will, but due rather to a decline in the quality of American Government.

In November, there was a resurgence of American will, an expression of this country's determination that govern-

ment must be called to heel. Tax cuts and spending reductions were demanded, and this resolution provides for them. Only yesterday, the Judiciary Committee overwhelmingly reported to the full Senate a constitutional amendment to balance the budget—a further sign that the message of the voters has been heard loud and clear. I support that amendment and I support this resolution. I believe that both are critical to the welfare of America and that by acting promptly and favorably on each, we can get this country moving again.

This budget document and the possibility of a constitutional amendment to control spending and taxes are the first good economic news the ordinary American has had in a long, long time. But we should not congratulate ourselves yet. So far all we have is a road map to the economic revival of America; there are miles yet to go before we arrive at that destination. There are those in Congress who have already pledged themselves to fight the tax cuts; special interest groups have been lobbying for months against the budget cuts; and many Members of Congress will oppose the constitutional amendment to balance the budget. We have all got to stick to our guns if we ever hope to translate the President's program for recovery into recovery itself.

While the resolution before the Senate is an excellent first step in the right direction, Mr. President, it may not go far enough. We should bear in mind that this budget document only sets spending ceilings for the authorizing committees and that even these ceilings are nonbinding. For myself, I am determined to balance the budget as soon as it can possibly be done. In pursuit of this goal, we may well have to cut substantially below the ceilings in this resolution, if we are ever going to impose a measure of discipline on programmatic spending.

In the months to come, after this resolution is approved, we will be called upon to show that we are capable of more than just good intentions. We will have to redouble our efforts to build the kind of America for which this document is only the blueprint.

Mr. CRANSTON. Mr. President, this conference report on the first concurrent budget resolution for fiscal year 1982 is essentially a rubberstamp of the Reagan-Stockman budget and economic package.

I cannot support it.

This unfortunate collection of policies will, in my view, destroy our Nation's commitment to the less fortunate among us. It will also destroy Federal programs enacted with overwhelming bipartisan support by prior Congresses to deal with some of the real causes of inflation.

Instead, it proposes "voodoo" economic theories which will not curb inflation nor restore the Nation's economic health. Instead, these theories, together with other policies proposed by this administration will actually increase inflation, create new unemployment, inflict additional misery on many people and worsen our economic situation.

This great Nation of ours is and will remain a principled, caring, and compassionate country. We will not sit silently by as our citizens suffer.

President John F. Kennedy said at his inauguration:

> If a free society cannot help the many who are poor, it cannot save the few who are rich.

Twenty years earlier, President Franklin D. Roosevelt had stressed the need to insure to the average person the right to his own economic and political life, liberty, and the pursuit of happiness.

Not only the favored and fortunate, Mr. President, but the average person.

That is a principle woven deep into the fabric of American history.

It is a principle for the present and the future, as well as the past.

I, for one, do not believe for a minute that the last election was a signal that the American people have lost all their compassion, their commitment to fair play, and justice, and their desire to preserve the glories of the American landscape and environment against those who would exploit and destroy them.

To be sure, the American people have spoken out for less Federal spending and the elimination of waste and fraud. They want to curb the extravagances of the Federal bureaucracy and to cap inflation.

I support these aims. They must be fulfilled.

But none of these necessary and overdue changes require us to take food from the hungry, shelter from the homeless, or medical care from the needy aged and indigent children.

The administration, I believe, understands this.

That is why administration officials constantly try to reassure us that the Reagan-Stockman budget includes a social safety net of income security measures to protect the "truly needy."

The problem, Mr. President, is that this representation just is not true.

There are many places where this budget hurts, inordinately and inhumanely, people who are "truly needy"—hungry children whose families cannot provide them with a decent diet or immunize them against preventable childhood diseases; senior citizens who need help and are dependent on others; handicapped people, many of whom with help can achieve the capacity for independent living; and native Americans who live in impoverished conditions and will lose their opportunity to meet their needs for health care and better housing.

Attempts to improve the budget in either body—even merely to change its priorities while maintaining its fiscal policy—have been resisted.

The administration insists that this faulty budget is an all-or-nothing proposition.

Who are they trying to fool?

The future of the American economy does not depend on sacrificing the particular set of victims that David Stockman has chosen to fall under his meat axe, anymore than it depends on helping beneficiaries like the Clinch River breeder reactor of Three Mile Island nuclear powerplant, on whom the administration would bestow its largesse.

There are many other preferable options we could pursue instead.

The holes in the President's "basic social safety net" are many.

Among them:

A $53 million cut in Indian health programs.

A $6 million cut—25 percent of the total—in immunization programs against preventable childhood diseases.

A $78 million cut in two programs to educate handicapped, neglected, and delinquent children.

A too sizeable cut in programs to provide milk and other food to needy mothers, infants, and schoolchildren.

A too significant cut in the food stamp program, on top of action by Congress removing 1.5 million people from eligibility over the past 2 years.

This is only a partial list.

There are also slashes in day care, UDAG, basic educational opportunity grants, and the new proposals to chop social security benefits, and much, much more.

We must not delude ourselves into believing that these cuts will spare those in true need.

Nor can we assume—as the administration often implies—that the burden will be picked up by States and local governments.

It will not.

States and local governments cannot afford these burdens now. And they, too, are faced with large cuts in the assistance they now receive from the Federal Government. This budget will eliminate an estimated 200,000 public education jobs nationally.

Meanwhile, this budget will set back efforts to provide mass transit and economic development (and related jobs) to our cities, and it will eliminate all Federal support for passenger railroad service, except in the Northeast corridor.

As a result, more than a million private sector jobs will be lost in our economy.

The American people have been asked to believe that all of this damage is necessary to restore health to our economy, curb inflation, and balance the Federal budget. The goal of balancing the budget was proclaimed an absolute and immediate necessity by an endless parade of our colleagues from across the aisle as recently as a year ago in order: to curb inflation; to help productivity; and to reassure the sensitive financial markets.

The Senate Republican conference—just 1 year ago—pledged to achieve a balanced budget over a period of years. They made plain their real intent was to balance the budget in fiscal year 1981 and maintain it in balance thereafter.

Today, the Republican party line is: "We no longer worship at the shrine of the balanced budget."

And just last week the new Secretary of the Treasury told a Senate committee, "There is no evidence per se that deficits cause inflation."

Was the endless tirade against deficits and unbalanced budgets mere preelection bombast by our Republican colleagues? Or were they sincere but have they since fallen under the spell of voodoo?

Whatever the explanation, it is now

clear that this Republican budget abandons the prominently pledged preelection commitment to the swift achievement of a balanced budget—a fact that Republicans would rather conceal than advertise.

And they have tried very hard to hide the fact that the budget presented here will be far out of balance every year of Ronald Reagan's 4-year term—even in fiscal year 1984—which ends just before the next Presidential election.

It begins to appear that this year Republicans believe that only those budgets that show up just before elections need to be balanced or perhaps that only Democratic budgets need to be balanced forthwith.

Obviously, people can differ reasonably on statistical estimates.

But misleading or wishful estimates—especially if they all tilt in the same direction—can seriously distort a budget.

The Reagan budget by using unduly optimistic assumptions about inflation, unemployment, interest rates, and the growth of the economy, hides potentially monstrous deficits.

The administration's budget uses assumptions so optimistic that even David Stockman has begun to walk away from them.

And even with those assumptions, the budget calls for deficits of $54.9 billion in fiscal year 1981, $45 billion in fiscal year 1982, and $22.8 billion in fiscal year 1983.

Not until 1984 did President Reagan predict a "balanced budget," and then only by a razor-thin margin of $500 million in a $700 billion budget.

And the budget presented by this conference report has no margin at all.

When the economic assumptions and unidentified and unrealistic "savings" are brought within the bounds of reality, the supposedly "balanced" fiscal year 1984 budget disappears in a sea of red ink.

Ironically, the Senate Budget Committee majority—using its own Reaganomic forecast rather than the CBO forecast always used before—has admitted that slow economic growth and high interest rates will continue if the Federal deficit is not reduced.

That is, in effect, an admission that the Reagan-Stockman budget carries within it the seeds of its own destruction.

CBO estimates that the March 10 Reagan budget would produce a cumulative 4-year deficit of $238 billion, with a deficit of $49 billion in fiscal year 1984.

I believe the President's economic asumptions are hopelessly and unbelievably optimistic.

For example, the administration estimates that the CPI inflation rate—expected to average 11.1 percent during 1981—will drop to 8.3 percent in 1982; that the economy will grow above inflation by 1.1 percent in 1981 and 4.2 percent in 1982, and that it will sustain even higher growth rates the 2 following years.

Such sustained steep economic growth is historically unprecedented and is extremely unlikely.

And the administration predicts that the 3-month Treasury bill rate (one measure of short-term interest rates) will average 11.1 percent in 1981 and 8.9 percent in 1982.

The fact is that it is now at 16.4 percent and rising.

When six economists from leading New York banking houses visited my office recently, they were asked whether they believe the 3-month "T-bill" rate could average 8.9 percent in 1982.

Five thought it impossible. The other—a believer in Reaganomics—thought it possible, but unlikely.

And that was before the current rates were announced.

Now, even Stockman reportedly has his doubts.

As each of the estimates this budget is predicated upon proves wrong, the budget deficit will increase.

Examining these details, I have reluctantly concluded that the President's economic plan has no chance of success.

It is an impossible dream. And for many, many Americans the dream will turn into a nightmare.

The adoption of this conference report will reflect the view of many of my colleagues in both Houses that President Reagan ought to have a chance to test his theories.

He will have that chance. I believe he should have a chance to test a reasonable program, too.

I support the over-all dimensions, but not all the details and component parts, of the budget cuts. I support much of his tax program.

But I cannot in good conscience acquiesce in a proposal that I believe is doomed to failure in the long run—and that will do great harm to many Americans along the way.

The proposed $140 billion military increase over the next 4 years will raise total military spending during the period to about $1 trillion (and $1.5 trillion over 6 years). That increase, combined with a $250.1 billion revenue loss from the proposed Kemp-Roth tax cut, cannot begin to be offset even by the Draconian cuts proposed for the domestic side of the budget. And despite that spending on arms, we will end up in a world less secure than the one in which we now reside.

Where will the money come from to pay for this huge military increase? What effect will it have on our economic prospects?

Some people have unreasonably blamed all inflation on Federal deficit spending—an analysis that ignores such realities as the pervasive effect of soaring energy prices and other complexities of the international economy on which we depend.

World oil prices have risen over 180 percent in the last 18 months.

It is true that President Johnson overheated the economy by his military build-up to fight the Vietnam war without a compensating tax increase, plus high domestic expenditures to fight poverty. That started the inflation we have not yet stopped.

More than one recent observer has compared the Johnson "guns-and-butter" budget with a tax increase to the present Reagan "guns-and-more-guns, but-not-butter" budget with a huge tax decrease.

The analogy is not perfect, but the underlying fact of poorly-timed huge Federal deficits which will stimulate yet more inflation is there.

Most economists believe the string of big Reagan deficits will overheat the economy and cause still more inflation.

In an already investment capital-short economy, Federal borrowing will deny potential investors the capital they need to expand production. That is especially true when deficit financing triggers retaliatory action at the Fed—whose tight money policies the administration has endorsed. The Fed's action has the effect of raising interest rates and choking off the borrowing of investment capital needed for plant expansion and economic recovery.

The President's men want us to ignore these assessments.

Instead, we are supposed to accept on blind faith the administration's economic package, based as it is upon a theory that has never been tested.

I, for one, do not have that particular faith.

The administration argues that the Kemp-Roth tax cut, by putting extra money in the hands of those who earn the most, will stimulate private sector investment. Few outside the administration believe Kemp-Roth can work so predictably.

In fact, if people expect continued inflation they are more likely to spend—to beat rising prices—rather than to invest.

The huge anticipated Reagan budget deficits are already fueling the rampant skepticism that the package will not—in fact, cannot—work.

Other administration proposals besides its budget deficits will likely cause new inflation. Proposals such as:

Dismantling commercialization efforts for alternative energy development;

Decontrolling natural gas prices—which even the American Gas Association opposes as unnecessary, and which could double the cost of gas to all consumers;

The 65 percent cut in conservation programs—a body blow at the quickest, cleanest, and least expensive way of displacing foreign oil and our vulnerability to nations like Saudi Arabia and Libya; and

Cuts in Federal support for the Postal Service—which will drive up postal rates even further.

All of these proposals and others like them will increase inflationary pressures on all Americans, and, in turn, increase the likelihood of failure of the President's economic policy.

I believe decisions on the size and shape of a tax cut should be based on the amounts the Treasury can afford after a realistic assessment of where the economy is going, and how budget decisions will affect its direction.

I believe that our tax cuts should be targeted to achieve the real increases in productivity and capital investment that the President says he seeks, but which Kemp-Roth will not achieve.

I support additional tax incentives to

increase productivity, including a reduced capital gains rates, accelerated depreciation allowances, and increased exemptions for savings and investment.

I oppose the Kemp-Roth 30 percent across-the-board cut in personal taxes because I am convinced it will cause inflation by fueling spending.

Our first task is to fight inflation, not to cut taxes.

If Congress does enact a personal tax cut, it should be revised to give more help to low- and middle-income earners, not merely to those with the largest incomes—and it should be scaled to what we can afford this year.

Unlike so many of our Republican colleagues, whose memories are so short, I have not given up on the effort to fight inflation by bringing the Federal budget into balance.

Fortunately, the details of this budget now before us are not binding on congressional committees.

Several chances yet remain along the legislative route to make this budget, this fiscal policy, this set of priorities more tolerable—and to give it a better opportunity to work.

I have confidence that when the American people have examined the implications of this budget carefully, they will encourage us to correct the many errors that this budget and set of policies contain.

Until then, Mr. President, I vote "no."

Mr. DOMENICI. Mr. President, I yield back the remainder of my time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. 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. TOWER. Mr. President, does the distinguished Senator from West Virginia have anything further?

Mr. ROBERT C. BYRD. Mr. President, I have nothing.

THE U.S. MERCHANT FLEET

Mr. WARNER. Mr. President, on Friday, the United States will observe National Maritime Day pursuant to a Presidential proclamation in "recognition of the importance of the American merchant marine and men and women serving aboard our merchant ships."

National Maritime Day commemorates the May 22, 1819 embarkation of the first transatlantic voyage of a steamship, the SS *Savannah*, from the Georgian port of the same name.

National Maritime Day also calls attention to the condition of the U.S. merchant fleet and the critical sealift support for which it has been called upon to produce for our Nation during every conflict in which seapower has been an element.

Nearly 2 years ago, when I served on the Merchant Marine Subcommittee, the members heard from various governmental and private sources who warned of the peril to our national security from the continuing decline of the U.S. merchant fleet. Moreover, we saw during the most recent crisis in the Middle East just how crucial it is that the United States have the ability to provide naval power backed by strong sealift support.

The United States remains far short of the valid goals expressed in the Merchant Marine Act, which declare in part:

> It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine . . . capable of serving as a naval and military auxiliary in time of war or national emergency.

An article in the May 1981, edition of the Armed Forces Journal, brought to my attention by the Joint Maritime Congress, provides a brief but disturbing analysis of our sealift readiness posture which must be bolstered if the United States is to remain a strong seapower force. I ask that it be printed in the RECORD.

The article follows:

U.S. SEALIFT: DWINDLING RESOURCES VERSUS RISING NEED?

(By Deborah M. Kyle)

In mid-March, CNO Admiral Thomas B. Hayward warned members of the House Armed Services' Procurement and Nuclear Systems Subcommittee that, "Without adequate and reliable sealift, literally none of our military plans is executable." Hayward went on to tell the Subcommittee that sealift initiatives in the Reagan defense budget addressed a "serious shortfall in U.S. strategic mobility." But the initiatives the CNO referred to only begin to meet today's U.S. sealift needs.

According to a report recently published by the Military Sealift Command (MSC), the Navy-sponsored management agency charged with assuring adequate military wartime sealift, MSC cannot be expected to "meet wartime needs for sealift simply because it provides worldwide and efficient peacetime ocean transportation for military service."

Today, MSC estimates that 95 percent or more of the supplies needed to sustain US troops deployed under emergency conditions would be transported by sea under MSC command authority.

Vice Admiral Kent J. Carroll, Director of Logistics for the Joint Chief's of Staff, told the House Armed Services Committee in March that, "Given that one dry cargo ship can deliver the equivalent tonnage of two and one-half days of airlift, when the first 10 ships arrive in the Persian Gulf, they deliver tonnage approximately equivalent to a full month of airlift." The actual projected sealift requirements are classified, but by MSC and Maritime Administration accounts, adequate resources to provide emergency sealift do not exist.

Established in 1949, MSC is authorized to augment its control fleet from the U.S. Merchant Marine, foreign flag shipping, the National Defense Reserve Fleet and its quickly deployable Ready Reserve Force, as well as the Sealift Readiness Program and Voluntary Tanker Agreement. However, the total number of ships available to carry on emergency sealift operations is low, and the Maritime Administration projects that at the present operating tempo, nearly "the entire American fleet is needed to meet military needs in major conventional war."

Today's Merchant Marine is much smaller than it was during WWII, with more than 95 percent of the U.S. international trade conducted by U.S.-owned vessels operating under foreign flags. (History shows that traditionally, the Merchant Marine is built up when national security is threatened, and declines in periods between major conflicts.)

The number of privately-owned U.S. merchant vessels dropped by one, from 725 to 724 between January, 1980 and January, 1981. However, carrying capacity increased by one million dead weight tons, indicating that today's ships are larger. But while one ship may carry more cargo, in emergency military sealift operations, destruction of that ship would result in the loss of greater quantities of military cargo. And, MSC notes, "Wartime losses would quickly and probably dramatically reduce the Merchant Marine's capability to support military services."

Although U.S.-owned vessels are subject to U.S. military emergency requisitioning codes, whether or not foreign nations would make those ships available to the U.S. in a crisis situation is an unknown variable in defense sealift planning. While the U.S. is presently on good terms with most nations under whose flags U.S.-owned commercial ships sail, the fact that U.S. sealift strength remains dependent on fragile diplomatic relations stresses U.S. defense capabilities.

SEALIFT AT MERCY OF DIPLOMATIC TIES?

According to MSC, in 1950 more than 42 percent of all U.S. trade was carried by the U.S. flag fleet. A decade later, the U.S. merchant fleet's share of U.S. trade had dropped to 31 percent and in 1980, less than 5 percent of U.S. trade was carried by ships flying U.S. colors.

Thus, the U.S. has become a nation dependent on "foreign" sealift which presents a strategic nightmare should foreign or U.S.-owned ships flying under foreign flags carrying precious U.S. materials be needed elsewhere. Less than 1 percent of the strategic mineral and dry bulk items needed to maintain the U.S. economy and sustain military Service needs are now delivered in U.S. flag ships. And, U.S. energy imports are just as dependent on foreign transport—only 3 percent of U.S. oil imports are now carried to U.S. refineries on U.S. flag tankers.

Hayward charged in March that like military sealift, the Merchant Marine has been a victim of "protracted neglect." And, he cautioned, "Its health and vitality should be of keen concern to anyone interested in the state of our national defense.

"I strongly support the revitalization and expansion of the U.S. flag fleet."

Despite Hayward's support, one Maritime Administration spokesman told AFJ that government subsidies used to promote private shipping construction in line with military needs have fallen victim to OMB's recent massive, government-wide subsidy cutbacks. When asked what the Maritime Administration has done to fight those cuts, the official noted that nothing had been done because the Maritime Administration had no point of contact to appeal to—the Reagan Administration had not appointed the person responsible for such appeals. So by April, 1981, the Maritime Administration had spent its FY81 construction subsidy limit—$1-million; 50 percent below its usual yearly budget.

SOVIET BUILD-UP

While U.S. sealift capability has been eroding, the Soviets have been consistently developing a merchant fleet with dual military capability.

According to Hayward, "The Russians added approximately 30 modern units to their merchant marine—a highly militarized auxiliary of the Navy, whose ships are carefully designed for ready conversion to military roles in war, and are largely manned by naval reservists in peace to facilitate rapid transition to Navy control." All totaled, MSC estimates that the Russians have 2,475 merchant ships in their inventory while the U.S.-count is 879 (including government- and privately-owned commercial vessels). However, the Maritime Administration notes that 46 U.S. merchant ships are presently under construction, and five additional vessels are undergoing conversion in 1981.

U.S. SEALIFT RESOURCES

Of the 724 ships in the U.S. Merchant Marine inventory, only 579 are ocean-going ships available for sealift operations. Among these are jumbo tankers and nonself-sustaining container ships which are of limited military use.

To augment its nucleus fleet in emergency situations, MSC has several options: National Defense Reserve Fleet (NDRF)—in January, NDRF consisted of 321 ships including 163 merchant types—26 of which comprise the Ready Reserve Force (RRF).

The RRF, maintained by the Maritime Administration and designed to provide immediate surge capability, can be operational in a 5-10 day time frame while the remaining 137 vessels have a projected readiness schedule of 45 to 60 days from date of requisitioning. But MSC admits "that 60-day estimate is rosy." Given delays in yard availability, spare parts, etc., MSC projects that it might "require months" to activate some of the ships, and that the "bulk of these 137 are of WW II vintage and rapidly becoming obsolete."

Sealift Readiness Program (SRP)—Privately-owned merchant vessels are committed to the SRP under the Maritime Administration which in turn authorizes ships for DoD use. Presently, 207 ships are available for MSC to provide sealift in a nonmobilization situation. However, according to MSC, problems arise because the Maritime Administration recommendations for SRP implementation are based on the economic impact of DoD's carrier call-up, as well as on international trade and national security demands, and not strictly defense needs.

Voluntary Tanker Agreement—sponsored by the Maritime Administration, this program makes privately-owned tankers available on a voluntary basis for DoD emergency use.

NATO Allied Commitments—NATO allies pool a portion of their merchant fleet for use by any ally in a NATO war. Approximately 400-600 NATO merchant ships would be made available for sealift support. But US interests/needs would be in competition with those of other NATO allies.

Whether DoD's emergency needs can be met today is a question of speculation. But, MSC projects that, "In a NATO war, with NATO ships available, the answer is probably yes." Concerning other scenarios, MSC is noncommittal because the assessment of adequate sealift need changes depending upon the scenario. Variables including the extent of sealift need, how quickly forces and supplies need to be moved, and port conditions and availability would also affect the assessment. A recent Congressionally-directed study of military rapid deployment needs clearly indicated for a Persian Gulf contingency; the nation will need far more sealift and airlift than it has (See accompanying article).

But in concluding its evaluation of US sealift adequacy, MSC urges the establishment of a cohesive and coherent national maritime policy—what it calls "the type of policy which has been lacking throughout the history of the USA."

THOSE WHO CANNOT REMEMBER THE PAST ARE CONDEMNED TO REPEAT IT

Mr. PROXMIRE. Mr. President, earlier this month, the New York Times reported that the KGB security police intervened to prevent several hundred Soviet Jews from commemorating the holocaust with a traditional gathering in the woods near Moscow. Sources said that the KGB had been calling in participants of the project and threatening them with 15 days in jail, irrevocable rejection of applications to emigrate and other penalties if they tried to hold the outdoor meeting as scheduled. In view of this show of force, the gathering was canceled.

These outings in the woods had been held on an average of twice a year for the last 10 years, timed to significant dates of the Jewish calendar. Some participants felt that the large turnout of a previous gathering perturbed the authorities who take a hostile view of gatherings for any purpose that is not officially authorized. Others believed that the clampdown was part of a general tightening of restrictions on unofficial Jewish activity in recent months.

Whatever the reason, Mr. President, the forced canceling of this gathering commemorating the holocaust suggests a trend that we must not allow to come about. It is imperative that the crimes of the holocaust, some of the most savage in the history of mankind, be remembered. That time, when Nazi Germany attempted to commit genocide against the Jewish race and exterminated 6 million innocent victims, must never be forgotten. As Santayana said, "Those who cannot remember the past are condemned to repeat it."

As the leader of the free world, it is our duty to take a stand and officially condemn genocide as an international crime. By ratifying the Genocide Convention, the United States of America will inform the world that it will not tolerate a recurrence of what happened during the holocaust.

Let us take this important step and ratify the Genocide Convention.

INTERIM REPORT OF THE SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. ROTH. Mr. President, on behalf of Senator NUNN and myself, I send to the desk an interim report from the Senate Permanent Subcommittee on Investigations regarding its oversight inquiry of the Department of Labor's investigation of the Teamsters Central States pension fund, and I ask unanimous consent that it be ordered printed.

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

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. JEPSEN). The Chair, on behalf of the Vice President, and upon the recommendation of the majority and minority leaders, pursuant to Public Law 96-389, section 10(a), appoints the following Senators to the Commission on the Role of Gold in International Monetary Systems: the Senator from New Mexico (Mr. SCHMITT), the Senator from Iowa (Mr. JEPSEN), and the Senator from Connecticut (Mr. DODD).

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, 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.)

MESSAGES FROM THE HOUSE

At 12:23 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, in which it requests concurrence of the Senate:

H.R. 3484. An act to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

S. 730. An act to insure necessary funds for the implementation of the Federal Crop Insurance Act of 1980.

The enrolled bill was subsequently signed by the President pro tempore.

At 2:05 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 138. Concurrent resolution providing for an adjournment of the House from May 21 to May 27, 1981, and an adjournment of the Senate from May 21 to June 1, 1981.

The message also announced that the House has agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 115) revising the congressional budget for the U.S. Government for the fiscal year 1981, and setting forth the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984; it has receded from its disagreement to the amendments of the Senate to the concurrent resolution numbered 156, 158, 161, 163, 164, 170, 174, 177, 179, 182, 190, 191, and 199, and has agreed thereto, each with an amendment.

HOUSE BILL REFERRED

The following bill was read twice by unanimous consent, and referred as indicated:

H.R. 3484. An act to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington; to the Committee on Banking, Housing, and Urban Affairs.

HOUSE CONCURRENT RESOLUTION HELD AT THE DESK

The following concurrent resolution was ordered held at the desk by unanimous consent:

H. Con. Res. 138. Concurrent resolution providing for an adjournment of the House from May 21 to May 27, 1981, and an adjournment of the Senate from May 21 to June 1, 1981.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 20, 1981, he had presented to the President of the United States, the following enrolled bill:

S. 730. An act to insure necessary funds for the implementation of the Federal Crop Insurance Act of 1980.

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–1190. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on the President's ninth special message for fiscal year 1981; pursuant to the order of January 30, 1975, referred jointly to the Committee on Appropriations and the Committee on the Budget.

EC–1191. A communication from the Secretary of the Interior, transmitting, pursuant to law, an additional supplemental certification under the heading "Bureau of Reclamation, Construction, and Rehabilitation" under the Interior Department Appropriation Act for the fiscal year ending June 30, 1954; to the Committee on Appropriations.

EC–1192. A communication from the Chairman of the Commission of Fine Arts, transmitting a draft of proposed legislation to provide the Commission authority to accept private donations of money to finance the activities of the Commission; to the Committee on Appropriations.

EC–1193. A communication from the President of the United States, transmitting, pursuant to law, a proposed supplemental for fiscal year 1981 in the amount of $17 million from the District of Columbia's own revenues; to the Committee on Appropriations and ordered to be printed.

EC–1194. A secret communication from the Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, 47 selected acquisition reports; to the Committee on Armed Services.

EC–1195. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation entitled "Department of Defense Authorization Act, 1983"; to the Committee on Armed Services.

EC–1196. A communication from the Acting Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Navy's proposed letter of offer to the Netherlands for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–1197. A communication from the Acting Assistant Secretary of the Army (Installations, Logistics, and Financial Management), transmitting, pursuant to law, a report on the study with respect to converting the custodial services activity at Fitzsimmons Army Medical Center and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–1198. A communication from the Deputy Assistant Secretary of Defense (Military Personnel Policy), transmitting, pursuant to law, a list of defense contractors who have filed fiscal year 1980 reports under section 410(d) of Public Law 91–121 (82 Stat. 212); to the Committee on Armed Services.

EC–1199. A communication from the Acting Assistant Secretary of the Army (Installations, Logistics, and Financial Management), transmitting, pursuant to law, a report on a study with respect to converting the combined motor vehicle operations and maintenance activities at Fort Leavenworth, Kansas, and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–1200. A communication from the Secretary of the Navy, transmitting, a draft of proposed legislation to amend title 10, United States Code, to provide that U.S. Navy regulations may be issued by the Secretary of the Navy without the approval of the President and to provide express statutory authority for the Secretary of the Navy to issue other regulations; to the Committee on Armed Services.

EC–1201. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "DOD Needs Better Assessment of Military Hospitals' Capabilities To Care for Wartime Casualties"; to the Committee on Armed Services.

EC–1202. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the annual report of the Board of Governors for calendar year 1980; to the Committee on Banking, Housing, and Urban Affairs.

EC–1203. A communication from the Chairman of the Federal Home Loan Bank Board, transmitting, pursuant to law, the annual report on activities of the Board to eliminate unfair and deceptive practices in the savings and loan industry; to the Committee on Banking, Housing, and Urban Development.

EC–1204. A communication from the Chairman of the Federal Deposit Insurance Corporation, transmitting, pursuant to law, a report on the economic viability of depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

EC–1205. A communication from the Acting Director of the Federal Emergency Management Agency, transmitting a draft of proposed legislation which would extend the Defense Production Act for an additional five years; to the Committee on Banking, Housing, and Urban Affairs.

EC–1206. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act to authorize appropriations for fiscal years 1982 and 1983; to the Committee on Commerce, Science, and Transportation.

EC–1207. A communication from the Acting Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, a report on contracts negotiated by NASA under 10 U.S.C. 2304(a)(11) and (16) for the period July 1 through December 31, 1980; to the Committee on Commerce, Science, and Transportation.

EC–1208. A communication from the Secretary of the Interior, transmitting, pursuant to law, a report on an evaluation of the relationship between certain petroleum trade association and U.S. Geological Survey date concerning oil and gas reserves and ultimate recovery from the Outer Continental Shelf; to the Committee on Energy and Natural Resources.

EC–1209. A communication from the Secretary of the Interior, transmitting, pursuant to law, official boundary maps of certain wilderness areas in Alaska; to the Committee on Energy and Natural Resources.

EC–1210. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Millions Wasted Trying to Develop Major Energy Information System"; to the Committee on Energy and Natural Resources.

EC–1211. A communication from the Acting Administrator of the General Services Administration, transmitting, pursuant to law, an amended report of building project survey which requests authorization of a lease construction project in Tallahassee, Florida; to the Committee on Environment and Public Works.

EC–1212. A communication from the Secretary of Health and Human Services transmitting, a draft of proposed legislation to provide a ceiling on Federal expenditures for medicaid, to increase States' flexibility to determine the scope of their medicaid programs, to make other amendments to the medicare and medicaid programs, and for other purposes; to the Committee on Finance.

EC–1213. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to improve the operation of the adjustment assistance programs for firms and industries under the Trade Act of 1974, and for other purposes; to the Committee on Finance.

EC–1214. A communication from the Assistant Secretary of State for Congressional Relations, transmitting, pursuant to law, a report on the issuance of licenses for the export of munitions under the Arms Export Control Act; to the Committee on Foreign Relations.

EC–1215. A communication from the chief justice of the U.S. Tax Court, transmitting, pursuant to law, the initial actuarial reports required for the U.S. Tax Court judges' retirement and survivor annuity plans; to the Committee on Governmental Affairs.

EC–1216. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a list of the reports transmitted to the Congress by the General Accounting Office during April 1981; to the Committee on Governmental Affairs.

EC–1217. A communication from the Acting Administrator of the Veterans' Administration, transmitting, pursuant to law, a report on a new system of records for the Veterans' Administration for implementing the Privacy Act; to the Committee on Governmental Affairs.

EC–1218. A communication from the Mayor of the Council of the District of Columbia, transmitting a draft of proposed legislation to authorize the Council of the District of Columbia to establish fees and allowances for jurors serving in the Superior Court of the District of Columbia; to the Committee on Governmental Affairs.

EC–1219. A communication from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to amend the Coastal Zone Management Act of 1972 to include the District of Columbia within the definition of a coastal State; to the Committee on Governmental Affairs.

EC–1220. A communication from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to amend the District of Columbia Stadium Act of 1957 to provide for the transfer of such Stadium and the associated land area to the District of Columbia Government; to the Committee on Governmental Affairs.

EC–1221. A communication from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to amend the District of Columbia Self-Government and Governmental Reorganization Act with respect to the authorization, issuance, security and payment of bonds, notes, and other obli-

gations of the District of Columbia; to the Committee on Governmental Affairs.

EC-1222. A communication from the Mayor of the District of Columbia, transmitting a draft of proposed legislation to authorize the setoff of annuity payments or refunds payable from the civil service retirement and disability fund to former employees of the government of the District of Columbia in order to liquidate debts owed to the government of the District of Columbia; to the Committee on Governmental Affairs.

EC-1223. A communication from the Mayor of the District of Columbia, transmitting a draft of proposed legislation entitled "Debt Collection Act of 1981"; to the Committee on Governmental Affairs.

EC-1224. A communication from the Director of the National Legislative Commission of the American Legion, transmitting, pursuant to law, the statement of the financial condition of the American Legion as of December 31, 1980; to the Committee on the Judiciary.

EC-1225. A communication from the Executive Director of the National Capital Planning Commission, transmitting, pursuant to law, a report on the activities of the Commission under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC-1226. A communication from the Chairman of the National Labor Relations Board, transmitting, pursuant to law, the annual report on activities of the Board under the Freedom of Information Act for calendar year 1980; to the Committee on the Judiciary.

EC-1227. A communication from the Secretary of Health and Human Services, transmitting, a draft of proposed legislation to extend and amend various health authorities, and for other purposes; to the Committee on Labor and Human Resources.

EC-1228. A communication from the Secretary of Health and Human Resources, transmitting a draft of proposed legislation to amend provisions of law concerned with health professions personnel, and for other purposes; to the Committee on Labor and Human Resources.

EC-1229. A communication from the Secretary of Health and Human Services, transmitting, for the information of the Senate, notice that there will be a delay in the submission of the annual report of the National Health Service Corps; to the Committee on Labor and Human Resources.

EC-1230. A communication from the Secretary of Labor, transmitting, corrections to a previously submitted draft bill to amend the Older Americans Act; to the Committee on Labor and Human Resources.

EC-1231. A communication from the Chairman of the Railroad Retirement Board, transmitting a draft of proposed legislation to amend the Railroad Retirement Act of 1974 to prohibit the payment of new windfall dual benefits to certain individuals, and for other purposes; to the Committee on Labor and Human Resources.

EC-1232. A communication from the Acting Assistant Secretary of the Education for Legislation, transmitting, pursuant to law, a report on graduate education programs administered by the Department of Education for fiscal years 1978 through 1980; to the Committee on Labor and Human Resources.

EC-1233. A communication from the President of the United States, transmitting requests for supplemental appropriations for fiscal year 1981 and amendments to the fiscal year 1982 request for appropriations; to the Committee on Appropriations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROTH, from the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, by unanimous consent:

Interim report of the Permanent Subcommittee on Investigations regarding its oversight of the Department of Labor's investigation of the Teamsters central States pension fund (Rept. No. 97-122).

Mr. ROTH. Mr. President, on behalf of myself and Senator NUNN, I send to the desk an interim report from the Senate Permanent Subcommittee on Investigations regarding its oversight inquiry of the Department of Labor's investigation of the Teamsters central States pension fund and ask unanimous consent that it be ordered printed.

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

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services:

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations of 879 cadets, U.S. Air Force Academy, for appointment in the Regular Air Force in the grade of second lieutenant, effective upon their graduation. Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

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

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of April 29, 1981, at the end of the Senate proceedings.)

By Mr. PERCY, from the Committee on Foreign Relations, without reservation:

Ex. S, 96-2. Protocol Amending the Interim Convention on Conservation of North Pacific Fur Seals, between the United States, Canada, Japan, and the Soviet Union, signed at Washington on October 9, 1980 (with additional views) (Ex. Rept. No. 97-12).

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. SPECTER (for himself, Mr. SASSER, and Mr. D'AMATO):

S. 1225. A bill to require Federal agencies to include in a notice of proposed rulemaking estimates of the costs to State and local governments resulting from a proposed rule, an identification of sources of funds to pay such costs, and a statement requesting comments from State and local governments on the costs to such governments resulting from the proposed rule; to the Committee on the Judiciary.

By Mr. SPECTER:

S. 1226. A bill to provide for supplemental insurance to cover the costs of necessary remedial action following damage to nuclear powerplants, including certain remedial action at the Three Mile Island facilities, and for other purposes; to the Committee on Governmental Affairs.

By Mr. HUDDLESTON (for himself and Mr. FORD):

S. 1227. A bill for the relief of the grantors of certain land in Henderson, Union, and Webster Counties, Kentucky, to the United States, and their heirs; to the Committee on the Judiciary.

By Mr. McCLURE:

S. 1228. A bill to provide for the minting of half dollars with a design emblematic of the two hundred and fiftieth anniversary of the birth of George Washington; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MOYNIHAN (for himself, Mr. SYMMS, Mr. JACKSON, Mr. BOREN, Mr. BAUCUS, and Mr. BENTSEN):

S. 1229. A bill to continue through December 31, 1982, the existing prohibition on the issuance of fringe benefit regulations; to the Committee on Finance.

By Mr. CRANSTON (for himself, Mr. GARN, Mr. HAYAKAWA, Mr. RIEGLE, Mr. HEINZ, Mr. STEVENS, Mr. LAXALT, and Mr. TOWER):

S. 1230. A bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. TSONGAS:

S. 1231. A bill for the relief of Kenneth C. Foster; to the Committee on the Judiciary.

By Mr. INOUYE (for himself and Mr. MATSUNAGA):

S. 1232. A bill to amend the Employment Retirement Income Security Act of 1974 to insure that the Hawaii Prepaid Health Care Act will not be preempted and to direct the Department of Labor to study the feasibility of extending coverage to all other State health plans; to the Committee on Labor and Human Resources.

By Mr. INOUYE (for himself and Mr. PRESSLER):

S. 1233. A bill to establish a program in the Department of Commerce to promote United States service industries; enhance their competitiveness, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HEFLIN:

S. 1234. A bill to authorize the Secretary of the Army to correct certain slope failures and erosion problems along the banks of the Coosa River; to the Committee on Environment and Public Works.

By Mr. D'AMATO:

S. 1235. A bill to exempt certain matters relating to the Central Intelligence Agency from the disclosure requirements of title 5, United States Code; to the Committee on the Judiciary.

By Mr. HEINZ (for himself and Mr. HEFLIN):

S. 1236. A bill to amend sections 5701 (a)(2) and 5702(m) of the Internal Revenue Code of 1954 to modify the base on which the tax on large cigars is imposed and to achieve a phased reduction in the tax rate; to the Committee on Finance.

By Mr. HEFLIN:

S. 1237. A bill to provide grants to the 1890 land-grant colleges, including Tuskegee Institute, for the purpose of assisting these institutions in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to strengthen their capacity for research in the food and agricultural sciences; to the Committee on Labor and Human Resources.

By Mr. QUAYLE:

S. 1238. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Finance.

By Mr. DURENBERGER:

S. 1239. A bill to provide for purposes of section 165 of the Internal Revenue Code of 1954 losses from Dutch Elm disease shall be treated as casualty losses; to the Committee on Finance.

By Mr. HEINZ (for himself and Mr. RIEGLE):

S. 1240. A bill to amend the Internal Revenue Code of 1954 to provide tax incentives for individuals and businesses in Urban and Rural Depressed Areas; to the Committee on Finance.

By Mr. MATSUNAGA:

S. 1241. A bill for the relief of Olga Mary Drefko; to the Committee on the Judiciary.

By Mr. HAYAKAWA:

S. 1242. A bill to provide that certain lands constituting part of the El Dorado National Forest be conveyed to certain persons who purchased and held such lands in good faith reliance on an inaccurate surveyor's map; to the Committee on Energy and Natural Resources.

By Mr. MATSUNAGA (by request):

S. 1243. A bill for the relief of Kenneth Darrow and Renee Liddle; to the Committee on the Judiciary.

By Mr. HART (for himself and Mr. RANDOLPH):

S. 1244. A bill to amend section 601 of the Powerplant and Industrial Fuel Use Act of 1978 to provide comprehensive assistance to States, local governments, and Indian tribes to mitigate the adverse social and economic impacts caused by major energy developments, and for other purposes; to the Committee on Environment and Public Works.

By Mr. HATCH (for himself, Mr. LAXALT, Mr. GARN, Mr. GOLDWATER, Mr. HELMS, Mr. CANNON, Mr. STEVENS, Mr. WALLOP, Mr. ZORINSKY, Mr. JEPSEN, Mr. TOWER, Mr. SIMPSON, Mr. HAYAKAWA, Mr. DECONCINI, Mr. DOLE and Mr. HUMPHREY):

S. 1245. A bill to provide for the cession and conveyance to the States of federally owned unreserved, unappropriated lands, and to establish policy, methods, procedures, schedules, and criteria for such transfers; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER (for himself, Mr. SASSER and Mr. D'AMATO):

S. 1225. A bill to require Federal agencies to include in a notice of proposed rulemaking estimates of the costs to State and local governments resulting from a proposed rule, an identification of sources of funds to pay such costs and a statement requesting comments from State and local governments on the costs to such governments resulting from the proposed rule; to the Committee on the Judiciary.

STATE AND LOCAL GOVERNMENT REGULATORY COST ESTIMATES ACT OF 1981

Mr. SPECTER. Mr. President, I am today introducing S. 1225, the State and Local Government Regulatory Cost Estimates Act of 1981, along with Senators SASSER and D'AMATO. This is a proposed amendment to the Administrative Procedures Act.

In March of this year, I spent several days meeting with local government officials in many of the communities of Pennsylvania. I was most impressed by the fact that many local officials were concerned about the possibility that, with the cutbacks and eliminations of numerous Federal programs, they would be mandated to carry on these same programs but assume the costs. These officials are also concerned about arbitrary regulatory activities which are undertaken by Federal agencies without adequote consultation with them or understanding of their problems or points of view.

Agencies of the U.S. Government have a responsblity on some reasonable basis to inform local governments of their plans to enact regulations which impact in any fashion, particularly financial, on those local governments.

S. 1225 is not a complex or lengthy piece of legislation. Its sponsors realize that it may later be appropriately attached as an amendment to another more comprehensve bill. It is, however, desired by the communities of Pennsylvania and I believe will effectively discipline those in the Federal Government who are too quick to heap costly regulatory burdens on the local governments of our Nation. I believe enactment of S. 1225 will be applauded by virtually every local government of America.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1225

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 "State and Local Government Regulatory Cost Estimate Act of 1981".

SEC. 2. Section 553(b) of title 5, United States Code, is amended—

(1) by striking out the word "and" after the semicolon in clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof a semicolon and "and"; and

(3) by inserting after clause (3) the following new clauses;

"(4)(A) an estimate of the agency with respect to the costs to State and local governments which will result from the proposed rule;

"(B) a statement of any source of funds which are available to State and local governments to pay any costs to such governments resulting from the proposed rule, or, as the case may be, a statement that the agency does not know of any such sources; and

"(C) a statement requesting comments from State and local governments on the costs that will result to such goverments from the proposed rule.".

Mr. SASSER. Mr. President, I rise in support of S. 1225, the State and Local Government Regulatory Cost Estimate Act of 1981.

I want to commend my colleague, Senator SPECTER, for this timely legislative initiative. It signals an increasing recognition on the part of the Congress that, as Washington moves to devolve more and more program responsibility on State and local governments in the coming decade, there is an obligation to check the preeminent development in Federal, State, and local government relations in the past 30 years—and that is increased spending and assistance by the Federal Government for State and local governments, accompanied by an even greater number of conditions and mandates for this assistance.

I believe that those of us concerned with the future of fiscal federalism recognized the inherent imbalance resulting from this development.

Estimates of the costs that new rules and regulations will pass on to State and local governments is a sound procedure, and a good step toward addressing this concern.

Both the content and purpose of this bill are clear: to make a Federal agency detail the costs to State and local governments resulting from a proposed rule; input from State and local governments in shaping the rule and estimating its costs, and; a statement of whatever Federal funds are available to State and local governments to assist them in effecting the proposed rule.

I would like to point out that S. 1225 complements a bill I introduced earlier in this session, S. 43, the State and Local Government Fiscal Note Act of 1981. The Fiscal Note Act would require the Congessional Budget Office to prepare estimates of the costs that would be passed on to State and local governments by proposed congressional legislation.

In both instances, the cost estimates would serve as warning signals. They would let Federal agencies and the Congress know if harmful fiscal consequences would result from a new rule or a new law. If a Federal agency or the Congress decided to move ahead with a new rule or a new law, they would have a clear idea of the fiscal implications for State and local governments, and could therefore adapt such measures accordingly.

As we all know, even the most well-intentioned rule or law sometimes has unforeseen consequences—consequences never contemplated by the lawmaker or the rulemaker.

There are those who wonder just how necessary or helpful this legislation is. Let me answer this question by alluding briefly to a study of 10 local jurisdictions performed recently by the National Science Foundation. The NSF found in its study that each local jurisdiction was expected to comply—at any given time—with a minimum of 1,000 Federal and State mandates.

Local officials believe that this situation puts an increasing amount of stress on their budgets, and that mandates and legislative conditions attached to laws can constitute a forced expenditure for them—expenditures which can require local officials to either rechannel resources from other efforts or else raise taxes. The same kind of budgetary stress obtains for State government officials.

So, I believe that S. 1225 will be regarded as a welcome move by State and local government officials.

While cost estimates for new Federal rules and new congressional legislation represent a sound initiative at the Federal level, I would like to note that the States long ago took the lead on this matter.

In the late 1950's, New Jersey and Wisconsin enacted fiscal note laws, and in the early 1960's, Missouri and Colorado did the same.

Many States, with constitutional limitations on their ability to raise new taxes and, hence, pay for new programs, found fiscal notes an excellent device for anticipating the costs of new legislation,

not only to State governments, but to local governments as well.

Adoption of fiscal note laws by the States during the 1960's and the 1970's. Among the States that have recently passed legislation requiring fiscal notes on proposed legislation are Georgia, Nevada, Rhode Island, South Carolina, and Connecticut.

In addition, Wisconsin and Missouri now require fiscal notes to accompany proposed rules and regulations. Nebraska receives a similar type of analysis for any proposed legislation that would alter the powers or responsibilities of a State agency or local government unit. Massachusetts has an executive order requiring a procedure similar to a fiscal note before any executive agency under the Governor's authority can issue new mandatory regulations, or mandates.

In total, 47 States have in place—either through statute or administrative action—procedures for preparing cost estimates or fiscal notes on measures resulting in costs to State governments. And 35 States use fiscal notes for proposed legislation affecting local governments.

By proposing a procedure for estimating the costs to State and local governments of Federal rulemaking, the Congress will be recognizing a new dynamic in the development of American federalism. Since the Constitutional Convention of 1787, when the States joined together in molding the structure of our Republic, the Federal Establishment—or "Washington" as it is often called beyond the boundaries of our Nation's Capital—has shaped the nature of intergovernmental relations.

Enactment of this legislation and enactment of State and local government fiscal note legislation will complete a cyclical phenomenon in which, once again, the component parts of the Republic—State and local governments—are affecting the shape and nature of American federalism.

This is a healthy and welcome development, one that is reflected in this legislation and in fiscal note legislation, and one that deserves the full and active support of my colleagues.

By Mr. SPECTER:

S. 1226. A bill to provide for supplemental insurance to cover the costs of necessary remedial action following damage to nuclear powerplants, including certain remedial action at the Three Mile Island facilities, and for other purposes; to the Committee on Governmental Affairs.

NUCLEAR POWER PLANT PROPERTY DAMAGE ACT OF 1981

Mr. SPECTER. Mr. President, I rise today to introduce the Nuclear Power Plant Property Damage Act of 1981. In some respects th's bill is similar to H.R. 2512 introduced in the House.

Before outlining the provisions of this bill, I would like to describe the present situation at Three Mile Island (TMI) Nuclear Generating Plant No. 2 near Harrisburg, Pa.

On March 29, 1979 America's most serious and best known nuclear powerplant accident occurred at the TMI plant. The plant has since been inoperative; while some cleanup activities have been completed by the owner—General Public Utilities (GPU)—about $1 billion of cleanup work remains to be done.

Point No. 1 to keep in mind about TMI-2 is that, since the utility has this enormously expensive nonproducing facility on its hands, it is facing critical financial problems.

Point No. 2 to keep in mind about TMI-2 is that since the cleanup is not proceeding on a timely basis, some hazards are present.

Let me explain point No. 2 first. An excerpt from the environmental impact statement on TMI defines the issue:

> Until TMI-2 is largely decontaminated, there is a small probability (which increases with time) of uncontrolled releases of radioactivity to the environment. Decontamination of the plant and disposal of the wastes will eliminate this possibility for potential harm to the public and workers at TMI * * * The staff therefore concludes that the full cleanup of the facility must proceed as expeditiously as is reasonably feasible, consistent with ensuring public health and safety and protecting the environment.

Now to point No. 1 a somewhat more complex issue. GPU has, as a consequence of the 1979 event, mortgaged all of its resources. Bankruptcy and default on its obligations is a real possibility.

An analysis by financial experts, however, demonstrates that such a bankruptcy would have a devastating effect on the credit of all electric utility companies. Rates of return demanded by the bond buyers and stock purchasers would be so substantial as to increase electric rates for all electricity users in the United States. It seems reasonable to expect that nuclear plant financing would be particularly hard hit. It is not unreasonable to expect that funds at any price might not be available, thus retarding economic growth in America so dependent on adequate sources of energy.

Now to the Nuclear Power Plant Damage Act of 1981. It is designed to help avoid the twin threats of further emergencies at TMI and corporate collapse, and the national problems either one or both would create. It would, further, gradually create an insurance reserve for supplemental insurance in the event another accident should occur at another nuclear powerplant, anywhere in the Nation.

With respect to TMI, the GPU would, under this bill, provide about 25 percent of the cost from its existing insurance policy, plus a $50 million deductible provided for in the act. The other 75 percent would be provided from payments made from other electric utilities using nuclear generating facilities which would, in effect, operate under an insurance rationale with the risk being spread among all users of nuclear energy. After sufficient funds are raised for TMI, then additional monevs would be raised and placed in a fund to be used in the event of any similar calamity. Should no further problem arise, the fund's interest earnings could be paid to the utilities to reduce rates.

While this act proposes a financial formula for dealing with the TMI problem, it does not call for a Federal tax subsidy at any part of the process. In fact, the agency responsible for managing the program in the early years will resolve itself into a mutual insurance company for this specialized purpose as soon as practical. At that time it will, for all practical purposes, be entirely independent of the Federal Government.

Some of my friends in Pennsylvania believe that the Federal taxpayer, since the Federal Government licenses and regulates the nuclear generating industry, should pay for the cleanup of TMI. A realistic assessment of the situation in Washington, however, does not provide any basis for hope that Federal reimbursement can be anticipated.

Others have argued that company mismanagement is responsible. Why not let the company, and by inference its captive customers, pay the entire cleanup costs? This, too, seems both unreasonable and unrealistic.

Still others have argued "why not let the company go bankrupt, that's the price of doing business."

As already noted, bankruptcy would solve nothing and would create additional problems. The $1 billion cleanup cost would remain. The dangers would remain. Financing costs for electric utility growth and development in this country would skyrocket.

There is, of course, on these issues room for debate, discussion, and change but time is a more precious commodity. we must, as a nation, address the $1 billion cleanup problem at Three Mile Island; we must as a nation insist on adequate supplemental insurance coverage for future events, should they occur.

S. 1226 addresses both problems. It is my hope, Mr. President, that early hearings on the issues raised will be possible. Timely action is needed.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1226

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 "Nuclear Powerplant Property Damage Insurance Act of 1981".

DEFINITIONS

SEC. 2. As used in this Act, the term—

(1) "On-site property damage" means damage to, or loss of the use of, property which is located at the site of, and used in connection with, a nuclear powerplant. Such term does not include any damage which may be subject to a claim under section 170 of the Atomic Energy Act of 1954.

(2) "Commission" means the Nuclear Regulatory Commission.

(3) "Corporation" means the National Nuclear Property Insurance Corporation established under this Act.

(4) "Fund" means the Nuclear Property Insurance Fund established under section 5 of this Act.

(5) "Private mutual insurance company" means a stock corporation organized under the laws of the District of Columbia for profit, the stock of which is not transferable and is exclusively held by those entities in-

sured by the Corporation with each such entity holding a ratable portion of such stock. Such ratable portion shall be determined on the basis of the ratio which the insurance coverage provided by the Corporation for such entity bears to the total insurance coverage provided by the Corporation.

ESTABLISHMENT OF CORPORATION

SEC. 3. (a) There is established a body corporate to be known as the National Nuclear Property Insurance Corporation.

(b) The Corporation shall be under the direction of a Board of Directors and shall be administered by the Chairman of the Board of Directors.

(c) The Board of Directors shall consist of 9 members appointed as follows:

(1) five members appointed by the President from among persons having expertise in diverse fields including the electric utility industry, banking, and insurance;

(2) the Chairman of the Board appointed under subsection (d);

(3) the President of the Corporation appointed under subsection (e);

(4) the Chairman of the Nuclear Regulatory Commission (or his designee); and

(5) the Chairman of the Federal Energy Regulatory Commission (or his designee).

The Members of the Board appointed under paragraphs (1) through (3) shall be voting members and the members serving on the Board by reason of paragraphs (4) and (5) shall be nonvoting members. The members of the Board appointed under paragraph (1) shall serve for terms of 3 years, except that of the members first appointed under paragraph (1), two shall serve for 1 year, and two shall serve for 2 years.

(d) The Chairman of the Board shall be appointed by the President and shall serve for a 5-year term. No individual may serve as Chairman of the Board for more than two 5-year terms.

(e) The Board shall appoint a President of the Corporation who shall be the chief operating officer of the Corporation and who shall serve at the pleasure of the Board.

(f) Upon the conversion of the Corporation to a private mutual insurance company under the provisions of section 9, the provisions of subsections (c) and (d) shall cease to apply and the Board shall be comprised of 7 members elected by the shareholders of the Corporation. After such conversion, the Chairman of the Board of Directors shall be elected by the Board of Directors of the Corporation. Members of the Board elected under this subsection shall serve for terms of 3 years except that of the members first appointed—

(1) two shall serve for terms of two years, and

(2) two shall serve for terms of one year.

POWERS OF THE CORPORATION

SEC. 4. (a) To carry out the purposes of this Act, the Corporation shall have such powers as are conferred on a nonprofit corporation under the District of Columbia Nonprofit Corporation Act (D.C. Code, 29-1001) and as are necessary to carry out its insurance functions under this Act. In addition to any specific power granted to the Corporation elsewhere in this Act or under that Act, the Corporation shall also have the power—

(1) to sue and be sued, complain and defend, in its corporate name and through its own counsel, in any court, State or Federal;

(2) to adopt, alter, and use a corporate seal, which shall be judicially noticed;

(3) to adopt, amend, and repeal, by the Board of Directors, bylaws, rules, and regulations relating to the conduct of its business and the exercise of all other rights and powers granted to it by this Act;

(4) to conduct its business (including the carrying on of operations and the maintenance of offices) and to exercise all other rights and powers granted to it by this Act in any State or other jurisdiction without regard to qualification, licensing, or other requirements applicable to corporate or insurance regulation which are imposed by law in such State or other jurisdiction;

(5) to lease, purchase, accept gifts or donations of, or otherwise to acquire, to own, hold, improve, use, or otherwise deal in or with, and to sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest therein wherever situated;

(6) to appoint and fix the compensation of such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, and, to the extent desired by the Corporation, require bonds for them and fix the penalty thereof, and to appoint and fix the compensation of experts and consultants in accordance with the provisions of section 3109 of title 5 (except that following the conversion of the Corporation in accordance with section 9, the Corporation may appoint and fix the compensation of experts and consultants without regard to the provisions of section 3109 of title 5, United States Code);

(7) to utilize the personnel and facilities of any other agency or department of the United States Government, with reimbursement, with the consent of the head of such agency or department (except that following the conversion of the Corporation in accordance with section 9, the power of the Corporation, until this paragraph shall terminate; and

(8) to enter into contracts, to execute instruments, to incur liabilities, and to do any and all other acts and things as may be necessary or incidental to the conduct of its business and the exercise of all other rights and powers granted to the Corporation under this Act.

(b) As soon as practicable, but not later than 90 days after the date of the enactment of this Act, the Board of Directors shall adopt initial bylaws and rules relating to the conduct of the business of the Corporation. Thereafter, the Board of Directors may alter, supplement, or repeal any existing bylaw or rule, and may adopt additional bylaws and rules as may be necessary. The Chairman of the Board shall cause a copy of the bylaws of the Corporation to be published in the Federal Register not less often than once each year. Following the conversion of the Corporation under section 9, the preceding sentence shall not apply but the Corporation shall notify each shareholder with regard to any additional bylaws or any alteration, supplement, or repeal of any bylaw.

(c)(1) The Corporation, its property, its franchise, capital, reserves, surplus, and its income (including any income of the fund established under this Act), shall be exempt from all taxation now or hereafter imposed by the United States (other than taxes imposed under chapter 21 of title 26, United States Code, relating to Federal Insurance Contributions Act, and chapter 23 of title 26, United States Code, relating to Federal Unemployment Tax Act), or by any State or local taxing authority, except that any real property and any tangible personal property (other than cash and securities) of the Corporation shall be subject to State and local taxation to the same extent according to its value as other real and tangible personal property is taxed. For purposes of this subsection, the term "State" includes the District of Columbia.

(2) The receipts and disbursements of the Corporation in the discharge of its functions shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitations imposed by statute on budget outlays of the United States. The United States shall not be liable for any obligation or liability incurred by the Corporation.

(d) Nothing in this Act shall be construed as altering or impairing the statutory duties or responsibilities of any Federal Agency with respect to the supervision, management, monitoring, or participation of the cleanup of the Three Mile Island nuclear generating plant or any other nuclear plant or the duties of any Federal agency under existing law.

INSURANCE FUND

SEC. 5. (a) There is established on the books of the Treasury a Nuclear Property Insurance Fund to be used by the Corporation in carrying out this Act.

(b) The fund shall be credited with—

(1) premiums, interest, and charges collected under this Act;

(2) earnings accruing to the fund under subsection (d);

(3) any amounts accruing to the Corporation by reason of the subrogation authority of section 11.

(c) Amounts credited to the fund shall be available—

(1) for making such insurance payments as the Corporation determines necessary to carry out the purposes of this Act;

(2) for making the payments authorized under section 8 with respect to the Three Mile Island Unit 2; and

(3) for covering administrative expenses of the Corporation.

(d) Whenever the Corporation determines that the moneys of the fund are in excess of current needs, it may request the investment of such amounts as it determines advisable by the Secretary of the Treasury in obligations issued by the United States.

(c)(1) Upon conversion of the Corporation under section 9, the preceding provisions of this section shall cease to apply.

(2) At the time of the conversion of the Corporation under section 9, the Secretary of the Treasury shall direct the transfer of all funds accounted for in the Nuclear Property Insurance Fund to the Corporation.

(3) The Secretary of the Treasury shall take all appropriate actions at the time of the transfer of funds under paragraph (2) to terminate the operation of the Nuclear Propery Insurance Fund.

(4) Following conversion of the Corporation under section 9, the funds transferred under paragraph (2) of this subsection and all other moneys accruing to the Corporation shall be used by the Corporation for providing insurance coverage under section 6 and for defraying administrative expenses of the Corporation. Any moneys accruing to the Corporation after the conversion under section 9 which are not necessary for administration of the Corporation or for providing insurance coverage under section 6 shall be exclusively invested in obligations of the United States.

INSURANCE

SEC. 6. (a)(1) The Corporation is authorized to provide insurance under this Act to licensees of nuclear powerplants to supplement the insurance which is available to such licensees from private sources. Such insurance shall provide for payment by the Corporation of the costs of cleanup and rehabilitation associated with onsite property damage following any nuclear incident or other damage to an insured powerplant to the extent that such costs exceed with respect to a single incident the greater of—

(A) $350,000,000, or

(B) $50,000,000 plus the amount of insurance coverage for such costs which the Corporation determines to be available from private sources.

(2) Payments by the Corporation of in-

surance under this Act may not exceed, with respect to a single incident, the greater of—

(A) $2,000,000,000, or

(B) a maximum amount determined by the Board of Directors of the Corporation.

(b) No operating license may be issued by the Nuclear Regulatory Commission under the Atomic Energy Act of 1954 for the operation of a nuclear powerplant after the date of the enactment of this Act, and no such license issued before such date shall remain in effect after the date one hundred and eighty days after such date of enactment, unless the licensee is insured by the Corporation for the risks, and in the amounts, determined under subsection (a) and unless the licensee has paid the premiums due and payable to the Corporation for such insurance in accordance with section 7.

(c) The Corporation, in its discretion, may require proof of loss or damage before paying any claim for insurance provided under this Act, and where the Corporation is not satisfied as to the validity of any claim, it may require the final determination of a court of competent jurisdiction before paying such claim.

PREMIUMS

SEC. 7. (a)(1) The Corporation shall prescribe such insurance premium rates and such coverage schedules for the application of those rates as may be necessary to provide sufficient revenue to the fund for the Corporation to carry out its functions under this Act.

(2) The premium rates charged by the Corporation for any period shall be based on the reserve requirement set forth in subsection (b) and on the Corporation's assessment of the risk insured. Such assessment shall reflect the experience of the Corporation (including reasonably anticipated experience) in providing such insurance. In assessing the risk associated with each licensee insured, the Corporation shall take into account the number of nuclear powerplants owned or operated by the licensee, the accident experience record of the licensee, the training and qualifications of the licensee's personnel, and such other considerations as the Corporation deems appropriate.

(3) The aggregate amount of premiums paid by all licensees insured under this Act shall not be less than $150,000,000 per year for each year until the Corporation has established a reserve under subsection (b) in the amount of at least $750,000,000.

(4) The Corporation shall rebate premiums paid by any licensee in any case in which the Corporation determines that amounts available in the reserve required under subsection (b) exceed the greater of $750,000,000 or the amount which the Corporation determines to be an actuarily sound reserve.

(b) In the fund established under section 5, the Corporation shall maintain an actuarily sound reserve which shall be comprised of the premiums paid under this section and which shall be available to pay insurance claims made pursuant to insurance agreements entered into under this Act and to make the payments authorized under section 9 for the Three Mile Island Unit 2 cleanup.

(c) Each insurance agreement entered into under this Act shall provide that if the Corporation becomes obligated under any insurance agreement entered into under this Act for any amount in excess of the amount available in the fund, each licensee insured shall pay to the Corporation, at such time and in such manner as may be specified by the Corporation, an additional assessment to cover such liability.

PUBLIC HEALTH, SAFETY, AND ECONOMIC RECOVERY AT THREE MILE ISLAND

SEC. 8. (a) There is established a Federal interagency task force which shall be chaired by a representative of the Department of Energy appointed by the Secretary of Energy and which shall consist of the Chairman, a representative of the Nuclear Regulatory Commission appointed by the Chairman of the Commission and a representative of the Securities and Exchange Commission appointed by the Chairman of the Commission. The task force shall—

(1) foster and expedite effective communications between the Federal agencies involved with, and having interlocking responsibilities concerning, Three Mile Island Unit 2; and

(2) insure that a contingency plan is prepared to protect public health and safety and to maintain service continuity in the event that the General Public Utility Corporation is unable to carry out its responsibilities in connection with the Three Mile Island Unit 2.

The contingency plan shall include preparation of requests for emergency appropriations or such other resources as may be necessary to carry out emergency activities onsite at Three Mile Island Unit 2. Upon the conversion of the Corporation, the interagency task force shall terminate.

(b)(1) In addition to providing insurance under section 6 of this Act, the Corporation shall reimburse the General Public Utility Company from the amounts available in the fund for 75 percent of the uninsured costs incurred by the General Public Utility Corporation after the date of the enactment of this Act for cleanup associated with onsite property damage at the Three Mile Island Unit 2.

(2) Reimbursement may be paid under this section only if the Board of Directors of the Corporation determines that—

(A) There has been established a joint Pennsylvania-New Jersey Utility Commission plan for regulatory and economic actions designed to insure service continuity, prompt return of the General Public Utility Corporation, or any successor in interest and to economic stability.

(B) The plan referred to in subparagraph (A) is reasonably likely to meet the objectives set forth in subparagraph (A) and is compatible with the following basic principles.

(i) Financial responsibility for the accident costs will be shared among those with underlying responsibility (including company management), creditors, equity holders, and those who have benefited from nuclear power use.

(ii) State and Federal statutes and regulations to protect public health and safety will not be violated.

(iii) All reasonable State actions to remove economic pressure on the utility will be taken, such as remission of windfall portions gross receipts and purchased power taxes.

(iv) The utility and vendor industry have taken all reasonable steps to provide technical, financial, and credit assistance to the General Public Utility Corporation.

(v) A plan has been developed and approved by the Pennsylvania and New Jersey Utility Commissions to utilize energy conservation and efficiency investments to minimize the cost of service to ratepayers and reduce the need for additional generating capacity.

(vi) Principal creditors of the General Public Utility Corporation have agreed to provide ample notification and other procedures deemed appropriate by the Board with respect to debt repayment. Such procedures shall be designed to allow ample time for emergency arrangements to maintain utility service and to protect public health and safety from hazards of the Three Mile Island facilities.

CONVERSION TO PRIVATE MUTUAL COMPANY

SEC. 9. After repayment of all notes or other obligations issued under section 5(e) and following the earlier of—

(1) the completion of the cleanup at Three Mile Island Unit 2 as provided under this section, or

(2) the date on which the reserve established under section 7(a)(3) has accumulated an aggregate amount of $750,000,000, the Board of Directors shall take all appropriate actions to convert the Corporation to a private mutual insurance company authorized to carry out the provisions of this Act.

AUTHORITY OF DEPARTMENT OF ENERGY

SEC. 10. The Secretary of Energy is authorized to—

(1) provide technical assistance to the Nuclear Regulatory Commission to expedite the licensing and regulatory procedures of the Commission relating to the cleanup of the Three Mile Island facilities and the restoration of such facilities to service;

(2) provide technical and planning assistance to the Pennsylvania Public Utility Commission, the New Jersey Board of Public Utilities, and to the General Public Utility Corporation to assist in the preparation of the joint regulatory and economic plan required under section 8(b)(2) and to assist in the development of energy conservation, energy efficiency, and load management proposals associated with such plan; and

(3) enter into agreements and financial arrangements with the General Public Utility Corporation for purposes of utilizing any data the Secretary determines to be valuable in understanding and enhancing nuclear reactor safety.

STATE LAW CONCERNING LIABILITY; SUBROGATION

SEC. 11. (a) Except as provided in subsection (b), nothing in this Act shall be construed to affect the liability of any person under otherwise applicable law for any damages or other costs for which insurance coverage is provided by the Corporation under this Act.

(b)(1) Where any person is liable under otherwise applicable law to the insured licensee for any costs for which the Corporation provides insurance coverage to the licensee, the Corporation shall be subrogated to all rights, claims, and causes of action of the licensee against such other person with respect to such costs.

(2) The Corporation shall commence an action against any person liable to the Corporation under paragraph (1), and funds recovered by the Corporation in any such action shall be deposited in the fund established under section 5.

(3) Each insurance policy written by the Corporation shall contain a subrogation clause consistent with the terms of this section.

By Mr. HUDDLESTON (for himself and Mr. FORD):

S. 1227. A bill for the relief of the grantors of certain land in Henderson, Union, and Webster Counties, Ky., to the United States, and their heirs; to the Committee on the Judiciary.

COMPENSATION FOR CERTAIN RIGHTS ASSOCIATED WITH THE LAND CONDEMNED FOR CAMP BRECKINRIDGE

● Mr. HUDDLESTON. Mr. President, today, along with Senator FORD, I am introducing a private relief bill which seeks compensation for the oil, gas and mineral rights for which the owners of land condemned in 1942 for Camp Breckinridge were never paid. Along with this bill, I am submitting a Senate resolution S. Res. 142, to refer the entire matter to

the Commissioners of the Court of Claims for fact-finding and their report. My distinguished colleague and Senator from Kentucky, Mr. FORD, is joining me in introducing this legislation.

Camp Breckinridge consisted of some 36,000 acres in a rural farming section of Henderson, Union, and Webster Counties, Ky. The land was condemned in 1942 and used for a military training camp during World War II and the Korean conflict. With the declaration of war on the Axis powers, the United States was involved in a war of new, and at the time, unknown dimensions. The need for immediate action by the United States in Europe and the Pacific was desperate and properly trained troops were needed without delay. Hence, getting the camp in working order in the shortest possible time became the Government's primary objective.

To some extent, this necessity for quick action explains the callous attitude displayed by the Government and the cavalier manner in which the 1,500 families who stood between the Government and an operating training camp were treated. It is an explanation but not an excuse. Some residents were ordered to evacuate in 2 or 3 weeks time. Some notices of eviction were tacked on porch columns to avoid the problem of facing the owners. The appraisers were equally pressed for time. Farms were appraised, not by walking the metes and bounds, but by viewing the property from a car parked in a driveway. There are other accounts which have grown more bitter with the passage of time.

Similar stories are not uncommon in condemnation situations. In most cases condemnation is simply a very unpleasant experience. No one, regardless of their patriotism, likes to have his property taken. An understanding of the necessity of private sacrifice for the public good rarely makes the situation more palatable. The constitutional guarantee that no property will be taken without just compensation is the only factor in the whole equation designed to relieve the anguish of those forced to leave their homes and farms for the public good.

However, in this situation, there was not just compensation as required by the fifth amendment of the U.S. Constitution. This may seem unlikely when the various court battles fought by the former owners of the camp are considered, but through a combination of factors, the Government managed to acquire this property at an unreasonably low price. The Government's negotiators who handled the purchase of the camp property were instructed to obtain the property at the best price for the Government. This was an admirable instruction. However, in their zeal to carry it out, the negotiators seem to have forgotten the constitutional stricture placed upon their actions, namely, that the compensation must be just.

The land involved was fertile farmland with the necessary accoutrements for housing 1,500 families and producing a living for them by farming. Also, there had been coal mining activity in the area for years. Oil wells were in existence at the time on some of the property in question. There were oil leases outstanding on approximately 70 percent of the property.

Despite this, the Corps of Engineers publicly stated that the oil and gas leases were "of nuisance value only" and subtracted the meager amounts paid for the leases from the valuation of the properties. This completely ignored the very real possibility of substantial continued income to owners of property on which wells might in the future be located. In the end, many of the property owners received less for their land than they had invested to make it productive and nothing for the future value of their oil leases.

The obvious question in response to this information is, "Why didn't the owners fight the condemnation appraisals in court?" There are several answers to that question, some of which reflect very badly on the good faith of the U.S. Government. The major reason involved the Surplus Property Acts of 1939 and 1944. These laws provided a third priority repurchase right for the owners of property condemned by the United States which later became surplus.

This priority followed a first priority for other Federal agencies and a second priority for State and local governments since it is obviously better to fill governmental property needs with Government property than to visit the trauma of condemnation on a new set of property owners. When this repurchase privilege was provided by Congress, it was expressly created on a temporary basis, each of the laws expiring by its own terms at the end of 5 years unless it were extended by an act of Congress. Hence, the repurchase priority which did exist was anything but a guarantee that the property would be returned to the former owners.

This was not the story told the owners by the Government negotiators. The property owners were told they would be able to repurchase their property at the end of the war. There was no mention of only a third priority or that it was effective only if the property were declared surplus and refused by other Government agencies.

Furthermore, the owners were strongly encouraged not to contest the Government appraisals of their property because that appraised value would be the price they would pay when they would be allowed to repurchase the property after the war. This can be characterized as intentional misrepresentation or, as some have implied, fraud.

It is generally assumed that our legal system provides remedies for such wrongs. In this situation, the law was all on the Government's side. In all of the documents prepared by the Government, the owners conveyed a free simple absolute to the United States. Having conveyed everything to the Government, the former owners had no rights left.

These written documents could not be disputed by oral evidence and the Government had never made any of its promises in writing. The case of *Harrison v. Phillips*, 282 F.2d 927 (5th Cir. 1960) highlights the legal cul-de-sac faced by the former owners. The plaintiff, Harrison, based his case on statements by Coast Guard officials who condemned his property in Texas, which were identical to those made by the negotiators in Kentucky. Even though such representations were made, the Government

> . . . would not be bound by any representations made by . . . its negotiators since they did not have authority to bind the United States to reconvey the property on a priority basis. . . . Any statements made by the negotiators were clearly beyond the scope of their authority and not binding upon the government. (Harrison, at p. 208).

There were other more basic reasons why many of the owners did not contest their appraisals. They were told that they would receive their compensation immediately if they did not contest. For those who followed this advice, the payment was often a year away. For those who chose to contest, the last suits were not completed until after the war had been over for 2 years.

In retrospect, all of this may seem inconsequential or simply water under the bridge, but think for a moment of the difficulties of moving a farming operation to new land when one-quarter of the land in the county in question has just been removed from the market and prices have risen accordingly for remaining land, when no compensation has yet been received, and when the completely disrupted farming operation is the only source of income. The thought is not pleasant. In this situation, many simply could not afford to contest the appraisals.

The hardships and indignities of the move were endured with a mixture of bitterness, patriotism, and faith that the separation from land and home would not be a long one. During the Korean conflict, the camp was used again by the military but it was not until 1962 that it was finally declared surplus Government property. It seemed that the hopes of the owners would at last be fulfilled. However, injustice was to win in the end. In 1949, the third repurchase priority of the Surplus Property Act of 1944 expired. No notice of this event had been given to any of the former owners although they had been in continuous contact with the Government concerning the property. Further offense had been given the owners in 1957 when the Government leased two tracts of the property for productive oil wells.

In 1962, when it was learned that the camp was to be sold, the former owners sought to exercise their promised repurchase priority only to learn that the land was to be sold at public auction and that the supposedly worthless oil, gas and mineral rights were to be auctioned separately in seven tracts. These proposed actions were fought through the Federal court system concluding with the denial of certiorari by the Supreme Court. Thus, the former land owners lost their legal efforts to repurchase their property in 1968.

The last of the Camp Breckinridge property was sold in 1969. The dollar figures for this whole transaction are astounding. The owners of the property received $3,100,000 for the 36,000 acres of land, housing for 1,500 families, and the fencing and buildings necessary to farm this amount of land. When the Govern-

ment sold the land, oil, and coal rights in the 1960's, it received approximately $40 million in return. Thus the U.S. Government held property for 10 years after its last public use and made a $37,000,000 profit with the help of broken promises. While I admire the ability to make a profit fairly, the Government of this country should not be in the business of making a profit by breaking its promises, legally authorized or not, and doing so at the expense of the individual citizens of this Nation.

As we have noted, the owners of Camp Breckinridge land fought their case to the highest court in the land. The sixth circuit court of appeals held against the owners, asserting that their interest in the land began only after its oil resources were discovered. These resources have never been the sole interest of those who owned the land on which the camp was built, but even if they were, these resources were well known long before the condemnation by the Government, contrary to the assertions of the court of appeals. Furthermore, the Government considered these leases of sufficient value to bring separate condemnation proceedings to obtain them, after the war was over.

At the time of the initial condemnation proceedings, the Corps of Engineers estimated that there were oil exploration leases outstanding on 65 to 70 percent of the land. Under these leases, small amounts ranging from $1 to $5 per acre were paid for explanation rights and the owners retained a one-eighth overriding royalty on all oil production. To date, in excess of $60,000,000 worth of oil has been extracted from the Camp Breckinridge land. The wells are still pumping on this land where the Corps of Engineers said that the oil leases were of simply nuisance value. This is the same land to which the Government sold oil and coal rights in 1965 for $32,000,000.

I do not find the continued interest of the former owners at all out of place. Nor do I find it greedy or unpatriotic. In fact, I find it quite admirable that this group has refused to be completely defeated by the numerous setbacks and injustices through which they have suffered and have once again sought relief, this time from the Congress, the arbiter of last resort.

To aid their cause, Senator FORD and I are introducing a private relief bill seeking compensation in the amount of $32 million, the amount for which the Government sold the oil, gas, and mineral rights it acquired for free.

Along with this bill, we are also introducing a Senate resolution seeking to refer this matter to the Commissioners of the Court of Claims for a thorough and objective review of the situation and a recommendation as to the amount to which the former owners are "equitably due" from the United States.

I firmly believe that the circumstances surrounding the creation of Camp Breckinridge and subsequent Government action should be given a full hearing. This hearing should go to the heart of the injustice done the former owners and consider all evidence presented rather than revolving around the principles of agency and being inhibited by such legalities as the parole evidence rule.

These are obviously very important parts of our legal system but they should never be used to insulate from exposure Government conduct that some might describe as fraudulent. It is for situations such as this that private relief and congressional reference procedures have been developed over the years. They are only applicable when there is no other remedy.

Cases such as this one, when sent to the Commissioners of the Court of Claims by congressional reference, are judged by the standard of the Government's "broad moral responsibility," *Sherman Webb, et al.* v. *United States*, 192 Ct. Cl., 925 (1970), and the pleas are addressed to the conscience of the sovereign. We should never be hesitant to subject the actions of the Government to review before such a standard. The amount of money potentially involved should not frighten us away from action but should make us more determined to give the former owners an opportunity to obtain justice.

Furthermore, we should neither rely on the absence of precedent for cases of this size nor refrain from acting for fear that we will establish a precedent for the future. Rather, we should be eager to establish a precedent for redress any time the Government of the United States has perpetrated injustice upon its citizens.

The action of this Chamber on the resolution I am submitting today will be but the first step toward such redress. Upon referral to the Commissioners of the Court of Claims, they will report to us on their findings. Upon receipt of their report, the Senate and House will be called on to make a final decision. I feel very strongly about this issue. I urge my colleagues to support this effort. While I realize that I have set a goal which will be difficult to achieve, I also realize that the former owners have been fighting this battle for over 30 years. My determination and that of my constituents to see justice done in situations of this type has been demonstrated on prior occasions. I am determined to pursue this effort to fruition and ask my colleagues to join me in this first step.●

● Mr. FORD. Mr. President, my distinguished colleague, Senator HUDDLESTON, and I are today reintroducing a bill that will determine the legal and moral responsibility of the Government to a group of Kentuckians who sold land to our Government in good faith, but now have seen that their faith was misplaced.

I am referring to the purchase by the United States of approximately 36,000 acres of land that became the World War II Army training center Camp Breckinridge. The purchase was made from as many as 1,500 families who had no opportunity to negotiate a selling price and who, taking Government authorities at their word, accepted the U.S. promise that they could buy back their land when Federal use of it was terminated.

Contrary to that promise, in 1965 the United States sold the Camp Breckinridge land to the highest bidder, a party other than my constituents.

Mr. President, we in Congress are increasingly called upon to respond to our constituents' waning confidence in our Government. Passage of this bill by the Senate would be a positive step toward changing the tide and bridging the credibility gap. In basic terms, this bill seeks compensation for the land condemned by the United States so that Camp Breckinridge could be established, land for which these families were paid in many cases less than $100 per acre.

I hasten to add that Kentuckians are no less patriotic than their counterparts in our sister 49 States. In time of war, Kentucky's people willingly make those sacrifices required of them by the circumstances. The training center, significantly, bore the name of a distinguished Kentuckian who served in Congress and later became Vice President of the United States.

We pride ourselves for standing tall in the name of justice. What justice is there in a government that does not keep its promise? These people gave up good agricultural acreage, the potential for oil and mineral rights, homesteads that had been passed from generation to generation. They trusted the Government representatives who told them they would have the chance to buy back their land after the war. Unfortunately, this did not prove to be true.

Now, four decades later my constituents are looking to this body to right this wrong, to give them just compensation for land that, had not World War II intervened, would be a viable part of the economy of Kentucky and the Nation in 1981.

Mr. President, Senator HUDDLESTON and I, in introducing this bill, call on our Senate colleagues to join in passing a piece of legislation that will renew the confidence of a group of patriotic citizens who have felt the sting of injustice.●

By Mr. McCLURE:

S. 1228. A bill to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington; to the Committee on Banking, Housing, and Urban Affairs.

GEORGE WASHINGTON COMMEMORATIVE COIN ACT

Mr. McCLURE. Mr. President, today I am pleased to introduce legislation to authorize the striking of a silver commemorative half dollar to honor the 250th anniversary of the birth of George Washington in 1982.

This bill calls for the striking of a maximum of 10 million 90-percent silver half dollars that will be sold through a wide distribution system to the American people. They will be legal tender and will be the same size, weight, and composition as the pre-1965 silver half dollars. The premium will cover the costs of producing the coin, including the cost of the silver. To strike this commemorative coin, the maximum 10 million coins would utilize approximately 4 million ounces of the 14 million ounces now in the Treasury.

This is a fitting way to commemorate the 250th birthday of the Father of our

Country. Legend has it that he gave his personal silver to the Treasury in 1792 for the minting of 5-cent pieces. Beyond homage to Washington's symbolic importance, there are also sound historical and economical reasons to approve this legislation.

The United States has a long tradition of striking commemorative half dollars. From 1892 until 1954, 48 special events from the 150th anniversary of the Battle of Lexington and Concord to the birth of Booker T. Washington, were honored with commemorative coins. In fact in 1932, on Washington's 200th birthday, a special commemorative quarter dollar was issued. The fact that that design is still being minted attests to its popularity.

Americans have shown a demand for these types of coins. For example, in 1981, 24 countries will issue coins commemorating the international year of the disabled. Millions of these coins will be purchased by Americans.

This legislation will reestablish our tradition of producing commemorative coins and begin to meet the special demand from collectors.

In addition to honoring George Washington's 250th birthday and reestablishing a long held tradition, this legislation will generate revenue to reduce the budget deficit. The estimated selling price of the coin will be somewhere between $10 and $12. The estimated net revenue will go to the Treasury, just as the profit from the annually minted collector's sets do, to reduce the budget.

Let me emphasize that this is a 1-year coin to commemorate a great American. It will be an addition to our regular coinage and will not affect the design or production of either the Kennedy half dollar or the Washington quarter.

Since it was George Washington's administration that established our system of coinage, it is only fitting that his 250th birthday be commemorated with a special coin. This legislation's symbolic and practical importance warrants adoption and I urge my colleagues to vote favorably.

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. 1228

Be is enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "George Washington Commemcrative Coin Act".

HALF-DOLLAR COIN

SEC. 2. Title I of the Coinage Act of 1965 (31 U.S.C. 391 et seq.) is amended by adding at the end thereof the following:

"SEC. 109. (a) Notwithstanding any other provision of law, the Secretary shall mint and issue half-dollar coins pursuant to this section in such quantities as are necessary to meet the needs of the public, except that such quantity shall not exceed 10,000,000 coins.

"(b)(1) The half-dollar coins minted pursuant to this section shall weigh 12.50 grams, have a diameter of 30.61 millimeters, and be minted in accordance with the standard established in section 3514 of the Revised Statutes (31 U.S.C. 321).

"(2)(A) The Secretary shall determine the design which shall appear on each side of such half-dollar coin. Both such designs shall be emblematic of the two hundred and fiftieth anniversary of the birth of George Washington.

"(B) On each such half-dollar coin there shall be a designation of the value of the coin, an inscription of the year '1982', and inscriptions of the words 'Liberty', 'In God We Trust', 'United States of America', and 'E Pluribus Unum'.

"(3) All half-dollar coins minted pursuant to this section shall be sold to the public by the Secretary under such regulations as he may prescribe and at a price equal to the cost of minting and distributing such half-dollar coins (including labor, materials, dies, use of machinery, promotion, and overhead expenses) plus a surcharge of not more than 20 percent of such cost.

"(2) An amount equal to the amount of all surcharges which are received by the Secretary from the sale of such half-dollar coins shall be used for the sole purpose of reducing the national debt.

"(d) No half-dollar coins shall be minted pursuant to this section after December 31, 1983.

"(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section".

USE OF SILVER

SEC. 3. The last sentence of section 202 of Public Law 91-607 (31 U.S.C. 391 note) is hereby repealed.

EFFECTIVE DATE

SEC. 4. The amendment made by section 2 shall take effect on October 1, 1981.

By Mr. MOYNIHAN (for himself, Mr. SYMMS, Mr. JACKSON, Mr. BOREN, Mr. BAUCUS, and Mr. BENTSEN):

S. 1229. A bill to continue through December 31, 1982, the existing prohibition on the issuance of fringe benefit regulations; to the Committee on Finance.

FRINGE BENEFIT REGULATIONS

● Mr. MOYNIHAN. Mr. President, I am introducing a bill today, with my distinguished colleague from Idaho and several others, to defer any actions by the Internal Revenue Service that would result in the taxation of fringe benefits. There is now a moratorium on such administrative actions, but it expires on May 31, 1981. Our legislation would extend the moratorium to December 31, 1982.

Mr. President, I do not find this a pleasant task. We are now acutely aware of the need to balance the budget, and it is important that we pay special attention to our Nation's tax structure, insuring that it is equitable and that people pay their fair share. Glaring tax loopholes that benefit special interests or a few wealthy individuals hurt the economy as a whole; they must be closed. I have already introduced a bill to abolish one such loophole, the commodity straddle.

But in-kind benefits are different. They often serve as productive incentives in the normal conduct of business. And they certainly are not the sole province of the rich. Numerous employers grant fringe benefits to employees—such as discounts to store clerks and free parking for plant employees—as a productive part of business. Any IRS action to tax such compensation will increase the tax burden at all income levels, and it may disrupt beneficial employer-employee relations.

Mr. President, the taxation of fringe benefits is clearly a complex area that needs careful congressional consideration before any actions are taken to overturn long standing practices. It was my hope that Congress would have had a chance to do this earlier. That is why I supported the bill in the last Congress that created the present moratorium.

However, as important as this issue is, the Finance Committee has been occupied with even more pressing matters such as an omnibus tax reduction bill last year and President Reagan's economic package in 1981.

Mr. President, I do not want to see this moratorium continue much longer. But a clear expression of congressional intent is necessary before we proceed. The IRS needs guidance because current law is inadequate, and therefore difficult to enforce evenly. Tax accountants and lawyers note that an individual's tax may depend on which internal revenue district he or she lives in. This is clearly unfair. But regulations promulgated by the IRS are not the most effective way to clarify the law. If the matter is left to administrative regulation, there will be constant changes, reflecting the shifting philosophies of different administrations. In January of 1981, the Carter administration's Treasury issued a discussion draft of proposed regulations that would have taxed many fringe benefits which the Ford administration had proposed to exclude from tax.

Such uncertainty in current laws and inconsistency in regulations benefit no one. Congress must act and as soon as possible. My bill would allow them only until the end of next year.

For some time there has been debate about the taxation of fringe benefits. I plan to work with the responsible groups that have been part of this dialog to develop principles that will enable the IRS effectively to enforce our tax laws, while giving appropriate consideration to long established practices and productive business relations. I hope that between now and the end of 1982 my colleagues in Congress will join me in these efforts.

I ask unanimous consent that the 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. 1229

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act entitled "An Act to prohibit the issuance of regulations on the taxation of fringe benefits, and for other purposes", approved October 7, 1978 (Public Law 95-427), is amended by striking out "May 31, 1981" each place it appears and inserting in lieu thereof "September 31, 1982".●

By Mr. CRANSTON (for himself, Mr. GARN, Mr. HAYAKAWA, Mr. RIEGLE, Mr. HEINZ, Mr. STEVENS, Mr. LAXALT, and Mr. TOWER):

S. 1230. A bill to provide for the minting of commemorative coins to support

the 1984 Los Angeles Olympics; to the Committee on Banking, Housing, and Urban Affairs.

THE OLYMPIC COIN ACT OF 1981

Mr. CRANSTON. Mr. President, I am pleased to introduce the Olympic Coin Act of 1981 along with my distingushed colleagues, Senators GARN, HAYAKAWA, RIEGLE, STEVENS, HEINZ, LAXALT, and TOWER.

This legislation authorizes the Secretary of the Treasury to contract with the Los Angeles Olympic Organizing Committee (LAOOC) to mint and market special coins of the realm commemorating the 1984 Olympic games to be held in Los Angeles. The profit from the purchase of the coins will be divided equally between the LAOOC and the U.S. Olympic Committee and will help cover the costs of staging the games as well as training American athletes. If there is a surplus after the 1984 games, it will be divided among various U.S. amateur athletic organizations.

The Olympic Coin Act of 1981 would authorize the Treasury to order the minting of up to 30 million $1 coins, 22.4 million $10 silver coins, 2.4 million $50 gold coins and 1.6 million $100 gold coins. The coins would be legal tender and must comply with all appropriate Federal statutes governing the minting of coins of the realm.

As legal tender, each coin would be worth its face value; however, the gold and silver coins could have a much higher market value because of the precious metal contained in the coins and because of their intrinsic numismatic value. The amount of revenue that the LAOOC and the U.S. Olympic Committee receives depends upon market conditions at the time of the sale of the coins but it is possible, and this is not a certain figure, that the Olympic committees could each make $100 million.

The total cost of minting the coins will be paid to the Treasury by the LAOOC. In fact, the LAOOC would pay either the face value of the coins or an amount calculated by Treasury to include all manufacturing costs, plus a 15-percent surcharge of those costs, whichever is greater. There would be no cost to the taxpayer. The Treasury could make money on this project because the cost of obtaining the precious metals and of manufacturing the coins as well as the 15-percent surcharge will be paid by the LAOOC.

After the coins are minted they will be turned over to the LAOOC and will be marketed by the LAOOC or its designee. The coins would be sold worldwide. Normally the games would be financed by selling licenses to vendors, usually corporations, who would then market their product as the official product of the U.S. Olympic team. This proposal would allow sports buffs and coin collectors from around the world to take an active interest in the 1984 Olympics and its American athletes. We have often heard the problems of young athletes who desire to train for Olympic competition but find it difficult because of the expense involved. This legislation will substantially assist athletes in their struggle to join the U.S. Olympic team.

As host country for the 1984 Olympic games, the United States is afforded a special opportunity to bring together the world's finest amateur athletes in a forum of spirited competition and cooperation. The Olympic coins would symbolize America's commitment to the ideals of the Olympic spirit—the freedom of interaction between various governments and cultures.

Mr. President, although I strongly support the concept of issuing coins to help cover the costs of the games, I have concerns about several details of this bill. I would like to make sure that the Olympic committees receive as much of the proceeds from the sale of the coins as is possible. I am hopeful that the marketing costs of the coins will be minimal because the beneficiaries of this plan should be the athletes and the Olympic committees. I am also interested in the design of the coins.

I believe that they should symbolize concepts such as freedom, justice, mutual cooperation and world unity rather than simply be emblematic of some particular athletic event. Also, because the bill authorizes several different designs, I am concerned that we are creating coins of excessive value. According to the bill, the $1 coin will be minted using five different designs; the $10 coin will be minted in four series using four designs for each series; and the $50 and $100 coins will each be minted in four separate issues while each issue will have a separate design for each denomination. This should substantially increase the numismatic value of each coin.

Congress should look into the question of whether the value created through the minting of 29 different coins as the bill calls for is excessive—as opposed to minting just four different coins as would be the case if just a single design were used for each. Another question is whether the $1 coin—which is intended to be a low cost souvenir and would have little intrinsic value—needs to be a coin of the realm.

We may also want to consider whether Congress should review the implementation agreement between the Treasury and the LAOOC. The parameters of that agreement are extremely important to the plan and at least the respective Banking Committees should have the opportunity to review the final product. All of these questions can be explored and settled through hearings. It is my hope that the Congress will move quickly but thoughtfully on this subject because if we are to assist the 1984 Olympics we must move with deliberate speed.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1230

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "The Olympic Coin Act of 1981".

PURPOSES

SEC. 2. The purposes of this Act are—

(1) to provide for the minting of commemorative coins to honor and commemorate the 1984 Los Angeles Olympic Games; and

(2) to help finance those games without the use of tax revenues in recognition of the importance and national significance of the Olympics and of amateur athletics.

AUTHORIZATION FOR MINTING

SEC. 3. (a) Notwithstanding any other provision of law, the Secretary of the Treasury shall mint—

(1) not more than 30,000,000 copper-nickel clad alloy coins with a face value of $1, a total weight of 22.68 grams, and a diameter of 38.1 millimeters;

(2) not more than 22,400,000 silver coins with a face value of $10, a total weight of 26.73 grams, and a diameter of 38.1 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure silver and 100 parts per 1,000 of copper;

(3) not more than 2,400,000 gold coins with a face value of $50, a total weight of 4.18 grams, and a diameter of 18 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure gold and 100 parts per 1,000 of copper; and

(4) not more than 1,600,000 gold coins with a face value of $100, a total weight of 8.359 grams, and a diameter of 21.6 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure gold and 100 parts per 1,000 of copper.

(b) The coins authorized by this Act shall bear—

(1) a designation of the face value of the coin;

(2) an inscription of the year the coin was minted; and

(3) an inscription of the words "LIBERTY", "IN GOD WE TRUST", "UNITED STATES OF AMERICA", *and* "E PLURIBUS UNUM".

(c) The designs of coins authorized by this Act shall be determined by the Secretary of the Treasury, in consultation with the Los Angeles Olympic Organizing Committee, and shall be emblematic of the Olympics, United States participation in the Olympics, United States athletes, and other symbols consistent with the purposes of this Act.

(d) All coins authorized by this Act shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues.

(e) No coins shall be minted pursuant to this Act after December 31, 1984.

MINTING SPECIFICATIONS

SEC. 4. (a)(1) The one dollar coins authorized by this Act shall be issued in a single series with five designs and shall be of brilliant-uncirculated quality.

(2) The ten dollar coins authorized by this Act shall be issued in four series with four designs for each series and shall be of brilliant-uncirculated and proof qualities.

(3) The fifty dollar coins authorized by this Act shall be issued in four series with a different design for each series and shall be of brilliant-uncirculated and proof qualities.

(4) The one hundred dollar coins authorized by this Act shall be issued in four series with a different design for each series and shall be of brilliant-uncirculated and proof qualities.

(b) The Secretary of the Treasury shall obtain gold and silver for the coins authorized by this Act from the Los Angeles Olympic Organizing Committee, or pursuant to his authority under existing law, in consultation with the Los Angeles Olympic Organizing Committee, in accordance with the implementation agreement provided for by section 8 of this Act.

DELIVERY

SEC. 5. (a) All coins minted under the authority of this Act shall be delivered as

requested by the Los Angeles Olympic Organizing Committee for distribution and sale to the public in accordance with the terms of the implementation agreement provided for by section 8 of this Act.

(b) The Secretary of the Treasury shall begin delivery of the single series of the one dollar coins authorized by this Act not later than January 1, 1984. The Secretary of the Treasury shall begin delivery of the four series of ten, fifty, and one hundred dollar coins authorized by this Act not later than July 1, 1982, for the first series of each such coin; not later than January 1, 1983, for the second series of each such coin; not later than July 1, 1983, for the third series of each such coin; and not later than January 1, 1984, for the fourth series of each such coin.

PRICE

SEC. 6. The Secretary of the Treasury shall furnish the coins authorized by this Act to the Los Angeles Olympic Organizing Committee at a price agreed to pursuant to the implementation agreement provided for by section 8 of this Act, which price shall be equal to the greater of—

(1) the face value of such coins; or

(2) the amount calculated by the Secretary of the Treasury to include all costs of manufacture, plus a surcharge of 15 per centum of such costs of manufacture;

except that the cost of the gold and silver used in minting the coins shall be excluded from the cost of manufacture for the purpose of calculating the surcharge. Amounts received pursuant to this section shall be deposited in the Treasury as miscellaneous receipts.

PROCEEDS

SEC. 7. All of the proceeds received by the Los Angeles Olympic Organizing Committee from the commercial sale of the coins authorized by this Act shall be used for the purpose of staging and promoting the 1984 Los Angeles Olympic Games and assisting the United States Olympic Committee and amateur athletics.

IMPLEMENTATION AGREEMENT

SEC. 8. (a) Notwithstanding any other provision of law and without regard to otherwise applicable statutory or regulatory requirements, the Secretary of the Treasury shall enter into an agreement with the Los Angeles Olympic Organizing Committee which shall provide for the implementation of the purposes of this Act and which shall include, but not be limited to, agreement on—

(1) the amounts to be advanced pursuant to section 9 of this Act;

(2) the price and schedule of payments for the coins;

(3) the number of each type of coin to be minted, and schedules and other provisions for the delivery of the coins;

(4) the source of silver and gold;

(5) the design of the coins;

(6) the quality and tolerance of the coins; and

(7) the proportions of proof and brilliant-uncirculated ten, fifty, and one hundred dollar coins.

(b) The agreement between the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee shall ensure that the minting of coins authorized by this Act shall result in no net cost to the United States Government.

(c) The agreement between the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee shall be concluded within 90 days of the date of enactment of this Act.

FUNDING

SEC. 9. The Secretary of the Treasury is authorized to receive from the Los Angeles Olympic Organizing Committee and disburse such sums as are necessary to carry out the provisions of this Act. Such funds are to be deposited in a trust fund which shall be subject to and administered in accordance with the provisions of section 20 of the Permanent Appropriations Repeal Act, as amended (31 U.S.C. 725s), to be used solely for the purpose of carrying out the provisions of this Act. Any sums advanced pursuant to this section shall be deducted from the amount the Los Angeles Olympic Organizing Committee is required to pay the Secretary of the Treasury for the coins authorized by this Act.

EFFECTIVE DATE

SEC. 10. This Act takes effect upon the date of its enactment.

● Mr. GARN. Mr. President, in 1984 the United States will be the host country for the summer Olympic games for a third time, an honor without precedent in the history of the modern Olympics. In recognition of this unique honor, I am pleased to introduce, with Senators CRANSTON and HAYAKAWA, a bill authorizing the Secretary of the Treasury to mint special coins commemorating the 1984 summer Olympic games in Los Angeles.

The tradition of minting special coins in honor of the Olympics dates from the original games held every 4 years in ancient Greece. Numismatists are familiar with the highly-valued coin minted in 156 B.C. by order of Philip II, father of Alexander the Great, to symbolize the victory of his horse in the 150th games held at Olympia. The ancient practice of commemorating the Olympics with specially-minted coins was resumed in 1952 by Finland, in 1964 by Japan, and every 4 years since by the host country of the summer Olympic games.

The proceeds generated by the sale of these special coins have not only helped the host country of the summer Olympic committee finance the games, but have also provided a source of much-needed funding for amateur athletic programs in the host country and in other countries where the coins were marketed. The Olympic Coin Act would continue this tradition of commemorating the Olympic games and would provide a means of financial support and deserved recognition for amateur athletics at no cost to the American taxpayer.

The act authorizes the Secretary of the Treasury to mint up to 22.4 million $10 silver coins, up to 2.4 million $50 gold coins, up to 1.6 million $100 gold coins, and up to 30 million $1 copper-nickel coins. The Secretary is directed to sell the coins to the Los Angeles Olympic Organizing Committee (LAOOC) at a price which will assure a profit to the U.S. Treasury. No tax dollars will be appropriated to carry out the provisions of this act. Instead, it shall be the responsibility of LAOOC to provide to the Secretary the precious metals, or the funds necessary to purchase the precious metals needed to mint the coins. Sums advanced by LAOOC for this purpose shall be deposited in a trust fund established and administered under the provisions of 31 U.S.C. 725s.

The Secretary, pursuant to an agreement with LAOOC, shall determine designs of the coins which are emblematic of the Olympic games and of amateur athletics. All coins will be legal tender. However, the value of the coins will be substantially in excess of their face value so that the coins will not enter into general circulation as currency. The coins will be sold to the general public by LAOOC, through a professional coin marketing agent. Proceeds will be shared equally by LAOOC and the U.S. Olympic Committee.

The Los Angeles Olympic Organizing Committee is a private, nonprofit organization established in 1978 for the dual purpose of staging the 1984 summer games and supporting American amateur athletics. LAOOC receives no public funding and accepts no personal or corporate contributions that might compete with charities or educational organizations. Other than the proposed coin program, LAOOC's only significant sources of revenue derive from the granting of licensing and merchandising rights to corporate sponsors, the sale of television and radio broadcasting rights, and the sale of admission tickets to events at the games. After all expenses of the games have been paid, LAOOC is obligated to use any funds remaining in its treasury for the support of American amateur athletics.

The other beneficiary of the sale of the coins, the USOC, is designated by the Amateur Sports Act (Public Law 95-606) as the organization responsible for coordinating amateur athletic activities in the United States and for helping America's potential Olympic athletes receive adequate training. Of the 134 National Olympic Committees (NOC's) recognized by the International Olympic Committee, only the USOC receives no Government funding. In other countries NOC's receive partial, and in some cases full, funding from their governments and are often able to develop expensive programs for training amateur athletes.

In the United States the burden of financing U.S. participation in the quadrennial games falls on the athletes, their families and friends, the American educational system, and on the nonprofit, nongovernment-funded USOC and its member organizations. The proposed act does not transfer any portion of that burden to the Federal Government; it merely provides a new means of financial support to supplement the traditional sources of funding available to the USOC and to amateur athletics.

To reach national and world class status, the costs of coaching, equipment, use of training facilities, travel to competitions, and adequate medical care faced by an amateur athlete can be prohibitive. For an individual gymnast these costs may run as high as $10,000 annually; a swimmer may require annual expenditures of $3,000 to maintain a highly competitive training program; and a world class figure skater may spend as much as $15,000 to $20,000 in a year in order to reach that level of excellence. Because of the cost constraints in these and other Olympic sports, many promising American athletes are unable to reach their full potential or are able to do so only because their families and friends have been willing to make sacrifices in order to assist the young amateurs.

American athletes have made outstanding achievements at the games. Last year the country watched and applauded the victories of Eric Heiden and the U.S. hockey team. Every 4 years, we have shared in the triumphs and disappointments of our Olympic representatives. We owe these exceptional athletes and aspiring Olympians a debt of recognition. We are especially indebted to the American and other young amateurs whose years of preparation for the 1980 summer Olympics ended in disappointment because they were unable to compete. Years of costly training, conditioning, and competition cannot be recouped, but the sacrifices made to earn Olympic credentials can be recognized.

This commemorative coin program would be an appropriate form of the recognition which American amateur athletics has earned. Enactment of the Olympic Coin Act would signify that the Congress acknowledges the importance and supports the spirit of international competition and individual determination which the quadrennial Olympic games embody. Passage of this act would provide a significant source of funding for the 1984 Los Angeles Olympics, for American amateur athletics generally, and at no cost to the public treasury. I, therefore, strongly urge my colleagues to support this bill commemorating the 1984 Los Angeles Summer Olympic games and honoring the talent, determination, and discipline of American amateur athletes.●

Mr. HAYAKAWA. Mr. President, the bill we are introducing today is sorely needed by the city of Los Angeles and amateur athletes throughout the country. In 1984 Los Angeles will be hosting the summer Olympic games. This is a very great honor but one which will require a large amount of financial backing. The Los Angeles Olympic Organizing Committees budget will be in excess of $400 million and currently their only major sources of income are from the granting of licenses and merchandising rights to the emblem of the Olympics, the sale of rights to broadcast the Olympics and the sale of admission tickets to the events.

By authorizing the Secretary of the Treasury to negotiate a contract with the Los Angeles Olympic Organizing Committee, and allowing the Government to mint special commemorative coins, we would be insuring that the LAOOC will meet its budget and fulfill its obligations at no cost to the taxpayer. The LAOOC will reimburse the Treasury for all expenses incurred in the minting of the coins, plus an additional fee of 15 percent.

Any surplus of funds after the 1984 games will be divided up by giving 40 percent to amateur athletes in California, 40 percent to the U.S. Olympic Committee, and 20 percent to the various U.S. amateur sports federations. Therefore, this bill promotes not only the 1984 Olympics but also amateur sports throughout the country.

I have always considered the Olympic tradition to be one of the most exciting and unifying forces in the world. With each Olympiad all people are inspired by the magnificence of the fair play, pride and honor synonymous with the Olympic games.

I hope my colleagues will agree with me that the 1984 Olympics and our amateur atheletes deserve our strong support, not only with words but with action. This bill enables us to offer that support without any cost to the taxpayer.

By Mr. INOUYE (for himself and Mr. MATSUNAGA):

S. 1232. A bill to amend the Employment Retirement Income Security Act of 1974 to insure that the Hawaii Prepaid Health Care Act will not be preempted and to direct the Department of Labor to study the feasibility of extending coverage to all other State health plans; to the Committee on Labor and Human Resources.

AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT

● Mr. INOUYE. Mr. President, today I am introducing along with my colleague Senator SPARK MATSUNAGA, legislation to amend the Employee Retirement Income Security Act of 1974 (ERISA) in order to provide for specific exemption for the Hawaii Prepaid Health Care Act and further to direct the Department of Labor to conduct a comprehensive study of the appropriateness of exempting other States health care plans.

Senator MATSUNAGA and I originally introduced this proposal two Congresses ago and extensive hearings have been held by both the Senate Finance and Labor and Human Resources Committees.

Most recently, this was a subject of considerable deliberations during our enactment of a multiemployer pension amendment. I will not at this time go in to an extensive floor discussion regarding the legislative history to date of this proposal but merely suffice to say that in my judgment, if we do not allow State directed health plans such as the Hawaii Prepaid Health Care Act, we will by necessity be forcing eventual enactment of Federal standards as we see the health care cost of our Nation continue to escalate. Accordingly, I would strongly urge my colleagues to give States such as the State of Hawaii that have demonstrated an active interest in maintaining the quality of health care provided our residents at a reasonable cost every opportunity to demonstrate that this State oriented approach can be successful.

Mr. President, I request unanimous consent that the text of this bill be printed in the RECORD.

Mr. President, I also request unanimous consent that the text of Hawaii State House Resolution No. 616 as well as the text of a letter addressed to Henry H. Peters, Speaker of the Hawaii State House of Representatives, be printed in the RECORD.

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

S. 1232

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 514(b) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new paragraph:

"(5)(A) Except as provided in subparagraph (B), subsection (a) shall not apply to the Hawaii Prepaid Health Care Law (Haw. Rev. Stat. 393-1 through 51), as in effect on January 1, 1979.

"(B) Nothing in subparagraph (A) shall be construed to exempt from subsection (a) any State tax law relating to employee benefit plans.

"(C) Notwithstanding subparagraph (A), parts (1), (4), and (5) of this subtitle shall superseded the State law described in such subparagraph, but the Secretary may enter into cooperative arrangements under this paragraph and section 506 with officials of Hawaii to assist them in effectuating the policies of provisions of such law which are superseded by such parts.".

(b) The Secretary of Labor shall conduct a study on the feasibility of extending the exemption from section 514(a) of the Employee Retirement Income Security Act of 1974 to include other State laws which establish health care plans and report to the Congress not later than 2 years after the date of the enactment of this Act.

(c) The amendment made by this Act shall take effect on the date of the enactment of this Act.

HOUSE RESOLUTION NO. 616

Whereas, the Hawaii Prepaid Health Care Act (Chapter 393, Hawaii Revised Statutes), enacted in 1974, requires all employees in the State working at least twenty hours per week to be covered by a comprehensive prepaid health care plan provided through their employers; and

Whereas, the Legislature found that the spiraling cost of comprehensive medical care "may consume all or an excessive part of a person's resources" (Section 393-2, Hawaii Revised Statutes), especially when the person is unable to earn his regular wages; and

Whereas, the Legislature enacted this comprehensive Hawaii Act to insure against all nonoccupational illness and injury in the same manner as the Worker's Compensation law insures against work-related illness and injury; and

Whereas, Hawaii's employees are guaranteed health care protection by the State of Hawaii through its enforcement of the law and its maintenance of a special premium supplementation fund established in the treasury of the State, separate and apart from all public moneys or funds of the State, to pay the required one-half of premium costs for employees whose employers have neglected to do so (Section 393-45, Hawaii Revised Statutes and Regulation XLIII Relating to the Hawaii Prepaid Health Care Act, Section 73); and

Whereas, as the result of the Prepaid Health Care Act, Hawaii enjoys an estimated 98.2 percent group health insurance coverage of its civilian population as of the end of 1977 at a cost which experience has shown to be affordable for both employees and employers and which involves only minimal administrative costs on the part of government. (See "Evaluation of Impact of Hawaii's Mandatory Health Insurance Law: A Report of the Hawaii Prepaid Health Care Act," U.S. Department of Health, Education and Welfare (by Martin E. Segal Co. October 1978); and

Whereas, the Hawaii Prepaid Health Care Act "shall terminate upon the effective date of federal legislation that provides for voluntary prepaid health care for the people of Hawaii in a manner at least as favorable as the health care provided by said Hawaii Act, or upon the effective date of federal legislation that provides for mandatory prepaid health care for the people of Hawaii" (Section 393-51, Hawaii Revised Statutes); and

Whereas, the Employee Retirement Income Security Act of 1974 (ERISA—29 U.S.C. 1001

et seq.), primarily a pension reform Act, was enacted to protect employees who elected to participate in a benefit plan, from potential abuses and mismanagement of funds through disclosure, reporting and fiduciary requirements; and

Whereas, the Employee Retirement Income Security Act of 1974 (ERISA—29 U.S.C. 1001 et seq.), does not mandate health care coverage to all regular employees; and

Whereas, an exemption for Hawaii's Prepaid Health Care Act from ERISA's preemption provision is not breaking new ground since said federal Act exempted all known governmental insurance programs, that is, Worker's Compensation, Unemployment Insurance and Disability insurance laws, at the time of its enactment in 1974; and

Whereas, despite the exemplary and highly regarded nature of the Hawaii Act and the comprehensive health care coverage it provides, the Hawaii Prepaid Health Care Act has been held by the federal courts, in essence, to be preempted by the federal Employee Retirement Income Security Act of 1974 (ERISA—29 U.S.C. 1001 et seq.), which regulates the administration of private employee benefit and pension plans and which provides in pertinent part that ERISA supersedes "any and all State laws insofar as they may now or hereafter relate to any employee benefit plan" (see *Standard Oil Company of California* v. *Joshua C. Agsalud*, 442 F. Supp. 695 (N.D. Cal. 1977), affirmed, 633 F. 2d 760 (9th Cir. 1980)); and however, the decision of the Ninth Circuit Court of Appeals will be appealed to the United States Supreme Court; and

Whereas, the above federal court decision was rendered with reluctance, the Court stating: "It troubles the Court, as it troubles defendants, that Congress preempted state health insurance laws apparently without specific discussion of the need for such a step. The workers whom ERISA was primarily intended to protect may be better off with state health insurance laws than without them, and the efforts of states like Hawaii to ensure that their citizens have low-cost comprehensive health insurance may be significantly impaired by ERISA's preemption of health insurance laws. Federal Legislation should heed the admonition that Justice Brandeis addressed to the federal courts:

"To stay experimentation in things social and economic is a grave responsibility. Denial of the right to experiment may be fraught with serious consequences to the nation. It is one of the happy incidents of the federal system that a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country." *New State Ice Co.* v. *Liebmann*, 285 U.S. 262, 311 (1932) (Brandeis, J., dissenting)."

Whereas, the Hawaii Prepaid Health Care Act has been held up as a model for a national health insurance plan which the federal government should study (see "Evaluation of Impact of Hawaii's Mandatory Health Insurance Law: A Report of the Hawaii Prepaid Health Care Act," U.S. Department of Health, Education, and Welfare (by Martin E. Segal Co.), (October 1978); and

Whereas, it would indeed be a bitter irony if ERISA, a landmark in the struggle to protect the "continued well-being and security of millions of employees and their dependents," were to be used to blunt another milestone in the same struggle; and

Be it resolved by the House of Representatives of the Eleventh Legislature of the State of Hawaii, Regular Session of 1981, that the U.S. Congress is requested to exempt Hawaii's Prepaid Health Care Act from the preemption provision of the Employee Retirement Income Security Act of 1974; and

Be it further resolved That the Hawaii Congressional delegation be commended for and requested to continue their efforts in obtaining the exemption; and

Be it further resolved That duly certified copies of this resolution be transmitted to the President pro tem of the U.S. Senate, the Speaker of the U.S. House of Representatives and to members of the Hawaii Congressional delegation.

HONOLULU, HAWAII,
April 22, 1981.

Hon. HENRY H. PETERS,
Speaker, House of Representatives, Elevennth State Legislature, Regular Session of 1981, State of Hawaii.

Sir: Your Committees on Employment Opportunities and Labor Relations and Health, to which was referred H.R. No. 616 entitled: "House Resolution Requesting the U.S. Congress to exempt Hawaii's prepaid health care act from the preemption provision of the Employee Retirement Income Security Act of 1974", beg leave to report as follows:

This resolution requests the U.S. Congress to exempt the Hawaii Prepaid Health Care Act from the preemption provision of the federal Employee Retirement Income Security Act (ERISA) and request that the Hawaii congressional delegation continue their efforts to obtain the exemption through legislation.

The State Department of Labor and Industrial Relations with the assistance of the State Legislature and Hawaii's congressional delegation, was instrumental in the introduction of federal legislation to exempt the Prepaid Health Care Act from ERISA application. To date, because of political considerations, efforts have been unsuccessful. The latest report received was that the legislation would have passed the last Congress were it not for attempts to amend ERISA in other areas.

Your Committees feel passage of this resolution would enhance Hawaii's argument that our prepaid health care law is unique and should be permitted to be enforced. Federal legislation exempting Hawaii from ERISA is extremely important as the State Department of Labor and Industrial Relations is receiving indications from certain employers in the State that they are considering challenging the constitutionality of our law.

Your Committees on Employment Opportunities and Labor Relations and Health concur with the intent and purpose of H.R. No. 616 and recommend its adoption.●

● Mr. MATSUNAGA. Mr. President, I am today joining Senator INOUYE in introducing a legislative proposal familiar to all Members. This bill adds a grandfather clause to the Employee Retirement Income Security Act (ERISA) for the Hawaii Prepaid Health Care Act. The Senate has twice before approved this grandfather provision—on July 29 and August 26, 1980—as part of the Multiemployer Pension Plan Amendments Act of 1980, H.R. 3904.

As I have stated before on this floor, the Hawaii State Legislature began consideration of the Prepaid Health Care Act legislation in 1971, about the time Congress began its review of private pension programs. The Hawaii State Legislature passed the Prepaid Health Care Act in April 1974, prior to the passage of ERISA by the Congress.

The Hawaii law requires employers in my State to provide their workers with medical insurance coverage; the coverage is similar to the medical insurance program the Federal Government provides for civil service employees. Since the Hawaii Prepaid Health Care Act concerned only basic comprehensive health insurance protection for employees, and since the Federal Government had not yet taken any formal action on national health insurance legislation, the Hawaii State Legislature did not envision a conflict with any existing or immediately anticipated Federal laws when it passed the Prepaid Health Care Act legislation in April 1974. Indeed, the State legislature rightfully felt that it was pioneering a uniquely innovative area of State law when it passed the legislation.

In November 1977, a Federal district court in San Francisco ruled that ERISA preempted the Hawaii health care statute. The court found no indication whatsoever from the legislative history that Congress intended ERISA to preempt State health insurance laws. But following traditional statutory construction, the court noted specific congressional exemptions for State unemployment compensation, worker's compensation, and disability insurance laws; since ERISA did not similarly specifically exempt the Hawaii Health Insurance Act, the court concluded with considerable trepidation that ERISA's general preemption language invalidated the Hawaii law. The statutory ambiguity, was created by the Congress; and correction of that ambiguity, the court stated rests with Congress.

The court's decision was rendered in a suit filed by Standard Oil Co. of California. This is the only formal complaint ever received by the State from any employer doing business in Hawaii over the health insurance requirements of the act. But the effect of this decision is to invalidate the entire statute and to deny workers, the health insurance protection which State law had previously mandated.

During the 95th Congress, Senator INOUYE and I introduced legislation which would clarify this intent of Congress with respect to the preemption of the Hawaii Prepaid Health Care Act. Over the past 3 years, the hearing records of both the Committee on Labor and Human Resources and the Committee on Finance have explicitly and conclusively indicated that the preemption of the Hawaii health insurance law was never envisioned or intended by Congress. In fact, both committees have acknowledged the need to correct this serious ambiguity in ERISA preemption authority through the approval of the Matsunaga amendment to S. 1076, the Senate companion bill to H.R. 3904.

As a result of the passage of the Prepaid Health Care Act, Hawaii has the most comprehensive basic health insurance protection for its residents in the entire country. The Hawaii Act is based on a community standard of outpatient and prevention-oriented health insurance protection which was established by the private sector over a period of 40 years; the mandated health insurance coverage thus does not include any inefficient, inappropriate, or uneconomical benefits.

Over the past 4 years, several nationally recognized health economists have made a close and analytical study of Hawaii's health care delivery system and

have all concluded that the system is a model of free market competition, in which the consumer is the greatest beneficiary, and that it is a very practical, economical approach to the provision of basic comprehensive health insurance protection for the State's residents.

The passage of this narrow waiver of ERISA preemption for the Hawaii Prepaid Health Care Act would permit the continuation of this exemplary health care delivery system for all of Hawaii's residents and this waiver is therefore vitally important to the State of Hawaii. It is strongly supported by the U.S. Department of Labor, the State of Hawaii, the Hawaii State Federation of Labor AFL–CIO, and the International Longshoremen's and Warehousemen's Union.

In light of the Hawaii Legislature's passage of the Prepaid Health Care Act prior to ERISA and in view of the absence of congressional intention to invalidate this law, both the Senate Labor Committee and the Senate Finance Committee as well as the Senate itself, supported our proposal. However, to secure passage of the Multiemployer Pension Plan Amendments Act of 1980, I agreed to the deletion of the amendment in the House-Senate conference on the bill.

The distinguished chairman of the House Task Force on Welfare and Pension Plans, acting for the House Labor Committee chairman, said that he had no problems with the substance of our amendment, but opposed it as a rider on the multiemployer bill, H.R. 3904, because it threatened to split the business-labor coalition which had been formed in support of that bill. The acting chairman of the House Subcommittee of Jurisdiction assured me of early consideration of my amendment if it were passed by the Senate as part of another appropriate bill or as a separate bill. To reach that objective, I am today introducing this proposal as a clean bill with Senator INOUYE.●

By Mr. INOUYE (for himself and Mr. PRESSLER):

S. 1233. A bill to establish a program in the Department of Commerce to promote U.S. service industries, enhance their competitiveness, and for other purposes; to the Committee on Commerce, Science, and Transportation.

SERVICE INDUSTRIES DEVELOPMENT ACT

● Mr. INOUYE. Mr. President, late last year, the Committee on Commerce, Science, and Transportation held the first congressional hearings on the specific issue of the importance of service industries to the U.S. economy and the international competitiveness of U.S. service industries. I chaired those hearings, and it was my hope that they would have been the first in a comprehensive evaluation of the service sector.

The service sector is usually overlooked whenever analyses of the American economy are made. In large part, this indifference is due to the heterogeneous nature of this sector and the public's lack of understanding of how dramatically the U.S. economy has changed within the last few decades, particularly since World War II. The output of the service sector now far exceeds the manufacturing sector. According to Department of Commerce statistics, 7 out of 10 working Americans are employed in service industries, and about 65 percent of the gross national product is service derived.

An analysis of the modern American economy shows that the provision of services has displaced the production of goods as the country's principal economic activity. In 1929, the U.S. economy employed 45 percent of the working population in the production of goods. By 1977, that sector employed only 32 percent, and it is probably even smaller now. In 1948, the goods producing sector accounted for 46 percent of the gross national product, while the service sector accounted for 54 percent. In 1978, the figures were 34 percent and 66 percent, respectively.

In addition to its crucial significance to our domestic economy, services are a significant component in our international trade. In 1979, while we suffered a merchandise trade deficit of more than $29 billion, services—including investment receipts—provided us with a surplus of more than $34 billion, for a surplus of $5 billion. In 1980, we likewise ran up a deficit of more than $27 billion, while accumulating a surplus exceeding $7 billion. Again, our trade surplus in goods and services was approximately $34 billion. Ominously, however, this surplus in services remained constant. Overall, the trade in services accounts for about 30 percent of our total trade turnover.

I would also point out that a vigorous service sector stimulates a demand for U.S. products and vice versa. Strong competitive U.S. flag carrier airlines, for example, generate a need for aircraft, and in most cases these planes will be manufactured in the United States. Thus, one should not ignore the close relationship that exists between the manufacturing sector and the service sector, and the distinctions between the two should not lead us into formulating economic policy in a vacuum without thinking through the ramifications of such policies on other parts of our economy.

Services are, however, for the majority of Americans, including policymakers, still not thought of in terms of advance technology-intensive industries, which many of them are, but rather in terms of labor-intensive and often menial tasks. The sector includes widely divergent industries, ranging from the most technologically progressive industries such as data processing and computer services to more mundane personal services.

The term is generally defined as "invisibles," or industries which do not produce tangible manufactured or processed goods. Much of the concern about the growth of a service-dominated economy has derived from the public's outmoded concept of services as being low-paid industries rather than the modern high-technology services such as communications, insurance, transportation, and banking. Such services are the sinews and nerves of commerce and trade. It is inconceivable, for example, to think of commerce without transportation or telecommunications. In contrast, a disruption in the trade in motor vehicles or apparel would be inconvenient but not unmanageable.

Moreover, these modern service industries are, by their nature, international in their capability and orientation. Satellites connect New York and London just as easily as New York and San Francisco. Vast amounts of capital can be transferred between branches of international banks in a matter of minutes. Tourism, involving transportation, hotels, and finance, is the world's second largest international industry. There is, in short, rarely a neat dichotomy between purely international and domestic service activities.

The significance of the emergence of a modern, postindustrial service-dominated American economy within recent years appears to have escaped the attention of many Government policymakers. Except in selected individual industries, such as tourism, communications, and transportation, U.S. Government consideration of the problems and needs of the service sector has been inadequate and fragmented. Moreover, even when Government agencies have devoted sufficient attention, funds, and personnel to service industries under their jurisdiction, there has been little or no attempt to devise a comprehensive national policy toward the entire sector or to relate one service industry to others which may share some of that industry's characteristics and problems.

The absence of clear and comprehensive U.S. Government strategies toward the service sector is seen and felt most acutely in the international trade area, but it is by no means limited to trade. Foreign telecommunications firms and financial companies are playing an increasingly important role in the domestic U.S. economy. Little research is devoted to domestic service industries, and statistics and data on domestic services are poor. Information collected at the international level is gathered almost entirely for balance of payments purposes, and the size of service trade transactions is not precisely known.

As a result of the 2 days of hearings which I chaired last year for the Commerce Committee, I reached several conclusions:

First, the American share of international service trade is declining in relative terms—from 25 percent to 20 percent within the last decade—even though our surplus has grown in absolute figures;

Second, there is no overall national U.S. policy toward service industries and international competition nor any interrelated sectoral policies to promote U.S. services domestically or abroad;

Third, the United States, because of our open economy, has very few legal or administrative weapons to retaliate against foreign countries which erect trade barriers against our service exports, including U.S. overseas investment, and new leverage to achieve our objective of a more open world economy may be necessary to counter the growing protectionism abroad;

Fourth, our service surplus—including investment income—which helps to bring our current account into better balance,

indicates a comparative advantage which may not last much longer unless the United States takes steps to promote more assertively its international economic interests;

Fifth, U.S. Government resources devoted to the promotion of U.S. services are disproportionately small compared to the sector's importance to our balance of payments and overall economy;

Sixth, data collection on domestic services and the international trade in services is rudimentary and incomplete. There is a desperate need for significant improvements in the gathering of statistics; and

Seventh, greater interagency coordination and cooperation are absolutely essential to identify, review, and evaluate service-related issues and on the international front, to present a unified national position for negotiations.

The disastrous inattention to international competition which has led to the crippling of many of our manufacturing industries must not be allowed to dissipate our lead in the service trade.

We need an integrated set of national policies toward the service industries which recognizes their economic significance and also actively promotes domestically based service firms and, through them, the national welfare. We need a clear set of priorities which accords services the attention they merit. One can be certain that other industrial countries give their service firms far greater support than does our Government.

In many countries, for example, U.S. insurance firms are prevented from establishing affiliates capable of competing against national companies or their companies or their competitiveness is reduced by other measures such as capital or personnel controls. American banks, transportation companies, and telecommunications firms are also victims of investment and trade curbs in many countries. The barriers to the export of U.S. services and the spread of U.S. investments are multitudinous.

The competitive vigor of American service exporters is not only limited to foreigners' trade obstacles but also sometimes inadvertently by our own agencies. For example, the Eximbank does not follow a policy of open procurement of marine and casualty insurance on the exports it guarantees or on which it issues loans even though such exports are generated by U.S. taxpayers. The opportunity for U.S. insurers to compete for this insurance business is thereby lost in some instances. One of the objectives of this legislation is to encourage agencies to examine their policies and to make internal administrative changes wherever possible.

Although service issues have had a low profile thus far, they are beginning to receive increased public attention. In the spring of 1980, the U.S. Chamber of Commerce held the first conference on services, and the International Chamber of Commerce also conducted a service meeting last year. Several private conferences and discussion sessions were held last year in Europe to discuss the issues of international services, and the Council on Foreign Relations is sponsoring a distinguished discussion group to address service-related issues.

The Office of the U.S. Trade Representative has an Assistant Trade Representative, Geza Feketekuty, to handle service issues and has also formed a Services Policy Advisory Council to bring together representatives of business, labor, and the academic world who are concerned about service policies. The Trade Policy Committee has approved a five-point work program on services.

The Department of Commerce has an Office of Finance, Investment and Services (FINS) in the International Trade Administration and also has created an industry sector advisory committee (ISAC) pursuant to the Trade Agreement Act of 1979.

These are commendable steps, but more can and must be done. Therefore, today I am introducing the Service Industries Development Act (SIDA) to establish a program in the Department of Commerce to promote U.S. service industries, enhance their competitiveness, improve data-collection and establish clear goals for the U.S. Government.

This bill proposes for the first time a set of goals for the U.S. Government relative to service industries. The Department of Commerce would be authorized to establish promotional programs and to improve the data collection programs of the Department. It would also assume the lead role in most nonnegotiating activities including the monitoring of Federal agencies' activities and providing support for the U.S. Trade Representative.

Finally, the Department would collect comparative international information, conduct a program of research and analysis of service-related issues and programs and provide information to other agencies, industry, and State and local governments.

In introducing this legislation, I would like to acknowledge the fact that the private sector has provided vigorous leadership in focusing attention on this sector and its concerns and for educating Government policymakers on service industries' needs. The time has arrived for the Congress to begin a careful examination of the service sector and to provide it with all necessary encouragement and support.

Mr. President, I request unanimous consent that the text of this bill be printed in the RECORD.

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

S. 1233

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 "Service Industries Development Act".

FINDINGS

SEC. 2. The Congress finds that—

(1) the United States is a service-oriented economy, in which seven of ten working Americans are employed in the service sector and approximately 65 per centum of the gross national product derives from services;

(2) the importance of services in commerce has been overlooked in the development of United States economic analysis and policy;

(3) services, including investments, are an important factor in the United States international trade, accounting for almost 30 per centum of total United States trade, and provided the United States with a surplus of more than $34 billion in 1980; and

(4) American service industries are encountering increased foreign competition and impediments to international operations and require the support of the United States Government to maintain their international competitiveness

DECLARATION OF PURPOSE

SEC. 3. The Congress declares that—

(1) the governmental organization to assist and promote American service industries can and should be improved in order to study and collect information, focus attention on industries' problems and assist in the resolution of such problems, and develop service-related policies which promote the national interest;

(2) the Department of Commerce shall have, in coordination with other appropriate agencies, lead responsibility in the executive branch for developing and implementing policies to enhance the competitiveness of American service industries and for achieving the objectives of this Act;

(3) the United States Government should make available adequate financial resources and personnel to implement the objectives of this Act; and

(4) it is the objective of the United States Government to promote the free world trade in services to the maximum extent feasible and to utilize the full resources of the Government to obtain reciprocal rights and benefits for United States traders and investors.

DEFINITIONS

SEC. 4. As used in this Act, the term—

(1) "Secretary" means the Secretary of Commerce;

(2) "Department" means the Department of Commerce;

(3) "United States" means the fifty States, the District of Columbia, Puerto Rico, Guam, Samoa, and the Virgin Islands; and

(4) "services" means economic outputs which are not tangible goods or structures, including, but not limited to, transportation, communications, retail and wholesale trade, advertising, construction, design and engineering, utilities, finance, insurance, real estate, professional services, entertainment, and tourism, and overseas investments which are necessary for the export and sale of such services.

ESTABLISHMENT AND PURPOSES OF PROGRAM

SEC. 5. (a) The Secretary is authorized to establish in the Department a service industries development program.

(b) The purposes of the program shall be to—

(1) promote the competitiveness of United States service firms and American employees through appropriate economic policies;

(2) promote actively the use and sale of United States services abroad and develop trade opportunities for United States service firms;

(3) develop a data base for policymaking pertaining to services;

(4) collect and analyze information pertaining to the international operations and competitiveness of the United States service industries;

(5) analyze—

(A) United States regulation of service industries;

(B) tax treatment of services, with particular emphasis on the effect of United States taxation on the international competitiveness of United States firms and exports;

(C) antitrust policies as they affect the competitiveness of United States firms;

(D) treatment of services in commercial and noncommercial agreements of the United States; and

(E) adequacy of current United States financing and export promotion programs;

(6) document trade impediments to United States service firms and seek to resolve complaints by such firms;

(7) provide staff support for negotiations on service-related issues by the United States trade representative and the domestic implementation of service-related agreements;

(8) collect such statistical information on the domestic service sector as may be necessary for the development of governmental policies toward the service sector;

(9) monitor significant Federal and non-Federal governmental activities affecting the service sector;

(10) conduct sectoral studies of domestic service industries;

(11) collect comparative international information on service industries and policies of foreign governments toward services;

(12) develop policies to strengthen the competitiveness of domestic service industries relative to foreign firms;

(13) conduct a program of research and analysis of service-related issues and problems, including forecasts and industrial strategies; and

(14) provide statistical, analytical, and policy information to State and local governments and service industries.

AUTHORIZATION OF APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the activities authorized by this Act.●

● Mr. PRESSLER. Mr. President, I am pleased to join Senator INOUYE today in introducing the Service Industries Development Act.

This legislation helps fill a glaring void in the oversight and planning activities of the Federal Government as they relate to service industries. Despite a lack of assistance or encouragement by the Federal establishment, service industries such as communications, transportation, insurance, advertising and tourism have grown to the point where they now comprise two-thirds of our gross national product. In addition, were it not for service industry exports our overall trade balance would show a massive deficit.

I believe the reason service industries have been overlooked by Federal planners is that most of our economic projections are still based on the premise that manufacturing comprises the bulk of our economic activity. This premise is obviously faulty when, by almost any measurement, the service sector is now twice the size of manufacturing in this country.

The other reason manufacturing interests receive more attention is that this sector is generally not as healthy as the service sector. However, if the success of the service industries in the United States is to continue we will definitely have to devote more time and resources in this area.

Already, disturbing signs of stagnation are appearing in the service sector; especially in the area of exports. The trade surplus in our service account, although still very large, remained virtually unchanged between 1979 and 1980. This fact does not bode well for future expansion of the service sector itself, and it is obviously worrisome in terms of our future export potential.

I am convinced that even with a little stimulation from the Federal Government, service exports could be increased to the point where our current account would show a large and consistently growing surplus.

On the positive side, the problems confronting U.S. service firms have been receiving more attention in the press lately. This is an important step in raising the consciousness of both the public and Government officials regarding the crucial role services play in our economy. For example, an article in the February 8, 1981, New York Times made reference to the fact that there is no general agreement on tariffs and trade for the service sector. The article emphasizes the need for such an agreement by pointing out that "liberalization of trade in services is seen as an essential accompaniment to the export of advanced technology, a particularly strong export area for the United States."

And a Wall Street Journal article from March 3, 1981, includes a reference to service industries by Mr. Arthur Dunkel, Director-General of the General Agreement on Tariffs and Trade in Geneva, Switzerland. Mr. Dunkel points out that the service sector "is as important a sector of international economic relations as trade in goods."

It is important that we not be the last participant in the international trade arena to realize the importance of service industries. This is especially true since it is our strong suit in international trade. For this reason I hope that the measure Senator INOUYE and I are introducing today will receive quick action. It provides the necessary framework within which the Federal Government can pursue a coordinated policy toward service industries.

Specifically, the bill would do the following:

First, the Department of Commerce would be given lead responsibility on issues affecting domestic service industries; would be able to set goals, implement promotional programs, and collect the necessary data for putting a rational program into effect.

Second, establish a 12-member private sector advisory committee which will consult with the Secretary of Commerce on domestic service industry issues.

Third, establish an interagency policy group to coordinate executive branch service industry policies.

I have been gratified that the new Secretary of Commerce, Malcolm Baldrige, has taken such an active interest in the whole international trade area. It is also promising to note the cooperative attitudes taken by both Secretary Baldrige and U.S. Trade Representative William Brock in working together in this area.

Much needs to be accomplished if we are to maximize our trade potential in the service sector, but it is my belief that we now have the type of people in place who are capable of doing the job. The structure provided by this legislation will, I am confident, assist them with their task.●

By Mr. D'AMATO:

S. 1235. A bill to exempt certain matters relating to the Central Intelligence Agency from the disclosure requirements of title 5, United States Code; to the Committee on the Judiciary.

DISCLOSURE OF CERTAIN CENTRAL INTELLIGENCE AGENCY MATTERS

● Mr. D'AMATO. Mr. President, today I am introducing a bill which goes to the heart of a problem that has had a disruptive effect upon the security of our Nation. Throughout the past decade and a half we have seen an unfortunate trend which resulted in a drastic reduction of the effectiveness of the Central Intelligence Agency. We must begin to reverse this trend, and have taken the first step with S. 391, the Agent Identities Protection Act. The next step which urgently needs to be taken involves the Freedom of Information Act, and it is that step which I am presenting to you today.

We must never forget that the intelligence community is our first line of defense. For example, George Washington's skilled use of intelligence, including Benjamin Franklin's well-known missions to France, turned the tide of the Revolutionary War. Similarly, the code-breaking activities of British and American intelligence in World War II were instrumental in the defeat of Hitler. Even when this country is not actively engaged in an actual shooting war—or perhaps especially when—we rely upon our intelligence services for our Nation's protection. If that first line of defense is disrupted, it makes us all the more vulnerable to those who are hostile to our position in the world—and to our way of life.

It has been noted that the economic cost to the CIA for freedom of information requests is very high. One recent request cost the Agency $300,000. But this problem goes far beyond economics. The publicizing of CIA methods, the undermining of CIA operations, and in many cases, the identification of CIA personnel, by publications such as the "Covert Action Bulletin" and "Counter Spy" magazine has been largely fueled by material supplied under cover of the Freedom of Information Act. The credibility of the American intelligence community abroad has been severely damaged, resulting in reduced cooperation and reduced sharing of information by our allies' intelligence services. Individual foreign citizens have become increasingly reluctant to assist the American intelligence community, and much valuable aid and information has been irretrievably lost.

It is not enough to keep the Philip Agees of this world from breaking their sacred trust by revealing what they know; we must also act to keep them from receiving new information with which to inflict further damage.

This bill exempts from the Freedom of Information Act all materials involving personnel selection, training, and reorientation of the Central Intelligence Agency. It also exempts all materials relating to internal operations, office management, and organization of the CIA. Additionally, all materials concerning special activities, clandestine collection, and covert operations are also exempt. These three items are defined at length in the bill. Basically, "special activities" is the current term for covert action; "clandestine collection" is intelligence

gathering; "covert operations" are a combination of covert action and intelligence gathering.

This bill also provides that if part of a document comes under exemption, the entire document is exempt. The reason for this provision is not only in the interest of saving time and funds, but also because people such as Philip Agee and John Stockwell, and their sympathizers are skilled and sophisticated enough to put two and two together even from "purged" documents.

The issue which I am addressing to you today, and which this bill addresses, is not a matter of partisanship but of commonsense. As we enter this period of the "window of vulnerability," can we afford not to give our first line of defense the protection it needs and deserves?●

By Mr. HEFLIN:

S. 1237. A bill to provide grants to the 1890 land-grant colleges, including Tuskegee Institute, for the purpose of assisting these institutions in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to strengthen their capacity for research in the food and agricultural sciences; to the Committee on Labor and Human Resources.

GRANTS TO THE 1890 LAND GRANT COLLEGES

● Mr. HEFLIN. Mr. President, I am today, introducing legislation which will allow Congress to provide catch-up funds in the form of grants to the 1890 land grant colleges, including Tuskegee Institute, to make it possible for these schools to carry out their research mission. Mr. President, I ask that the entire text of the bill I am introducing, which is identical to H.R. 1309 currently pending in the House of Representatives, be printed in the RECORD.

Mr. President, the U.S. Congress in 1862 passed the first Morrill Act which provided for the establishment of a land grant institution in each State to educate citizens in the fields of agriculture, home economics, the mechanic arts, and other useful professions.

In order to overcome the problem of nonland grant support to the various black institutions throughout the South, a second Morrill Act was passed in 1890 specifically to support the black land grant institutions. We refer to these institutions today as "the 1890 institutions." Several historically black colleges became land grant institutions under this 1890 congressional action, but these institutions have not received the kind of support available to other land grant institutions.

Therefore, the 1890 schools, including Tuskegee Institute in my home State, have not had the benefit of equipment and facilities necessary to enable them to have competitive research capabilities in food and agriculture. These schools have had to rake and scrape and make do with what few resources they have. The historically black institutions have the same mission as the 1862 schools mandated under the Morrill Act, that is, to participate in agricultural research beneficial to the needs of the people of the country.

It goes without saying that State funds for construction, of research facilities have been very limited for the 1890 institutions. Therefore, their research capabilities have been impaired. The legislation I am introducing today, would make it possible for these institutions to develop their research programs to compliment and enhance their instruction programs and, at the same time, participate as partners with the 1862 land grant institutions regarding the agricultural research problems facing our country.●

By Mr. QUAYLE:

S. 1238. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Finance.

REMOVAL OF OUTSIDE INCOME LIMITATIONS UNDER SOCIAL SECURITY

● Mr. QUAYLE. Mr. President, the Reagan administration has presented to Congress its recommendations for dealing with both the short-term and long-term problems in the social security trust fund. These recommendations have generated many phone calls and letters to my office.

It is my belief, Mr. President, that if we are going to reform the system, the first place Congress should start is to repeal the earnings limitation on outside income. Therefore, today, I am introducing legislation to effect such a change commencing January 1, 1982.

Currently, social security retirees between the ages of 62 and 64 can receive full benefits as long as they earn less than $4,080 per year. Social security recipients between ages 65 and 72 can earn as much as $5,500 and still retain all their retirement benefits. For any earnings above these levels, benefits are slashed $1 for every $2 earned.

This ceiling on earnings and the accompanying reduction in benefits for earnings above the ceiling amount to a tax on older American workers. This is discriminatory.

According to the Wall Street Journal, the "implicit social security tax plus normal payroll and income taxes can combine to create marginal tax rates of 70 percent or more." We are taxing most the very people who are able to cope with it least.

Public opinion polls have reflected that as many as 40 percent of retired Americans aged 62 to 65 would return to work or work more if economic incentives were better.

This "negative tax" on outside earnings reduces the incentive for older workers to continue working and it increases the number of social security beneficiaries and, hence, the level of benefit expenditures.

Older Americans should not be discouraged from working. Our productivity can be inhanced by their experience and skills.

This legislation would go a long way to end discrimination on older workers. I urge my colleagues to give expeditious consideration to this bill repealing the outside earnings limitation.●

By Mr. DURENBERGER:

S. 1239. A bill to provide for purposes of section 165 of the Internal Revenue Code of 1954 losses from dutch elm disease shall be treated as casualty losses; to the Committee on Finance.

CASUALTY LOSS DEDUCTION FOR LOSS OF TREES DUE TO DUTCH ELM DISEASE

● Mr. DURENBERGER. Mr. President, I am today reintroducing a bill to amend the Internal Revenue Code to provide that the destruction of trees from dutch elm disease shall be treated as a casualty loss deduction for purposes of the Internal Revenue Code.

The damage from dutch elm disease has already run into the hundreds of millions of dollars. Much of this cost has been borne by the private property owner. This bill will help provide the necessary incentive for these property owners to take quick action to remove diseased trees and thus save the healthy elms.

For over a decade, dutch elm disease has forced the removal of hundreds of thousands of elm and oak trees at a tremendous economic, environmental, and esthetic cost to all Minnesotans. To encourage municipalities and individuals to engage actively in programs to slow the spread of these diseases and to replant new shade trees, the State of Minnesota has appropriated over $50 million since 1977 to assist municipalities in defraying such program costs. Nonetheless, the financial burden for many individual property owners is still substantial. Perhaps hardest hit are elderly homeowners on fixed incomes who have large trees that must be removed.

In many Minnesota cities homeowners are required by local ordinances and State law to remove diseased trees. According to the rules governing the State shade tree program, all high-risk elm trees must be identified and removed within 20 days of notification. Some cities require even faster removal.

Since 1977, over 350,000 elm trees on private property have been marked for removal. Individual tree removal costs vary considerably from city to city and by the size and location of the tree. The cost of removing one large, difficult-to-reach elm tree can easily exceed $600. Assuming, then, an average removal cost of $175 per tree, homeowners in Minnesota spent approximately $62 million for diseased tree removal.

Private corporations and foundations have joined local governments and homeowners to combat the destruction caused by shade tree diseases. First National Bank of Minneapolis has been among the leaders in this private effort. The bank has established education and referral programs to help homeowners quickly identify and remove diseased trees and save the healthy trees.

The effects of dutch elm disease have been felt in every corner of our country. Illinois has already lost about 90 percent of its elms. The disease now is hitting hardest in Iowa, Wisconsin, Colorado, and California. Unless we encourage quick detection and removal, it is not unlikely to expect that every State will be ravaged in the not too distant future.

Given the high cost and the requirement for prompt removal of diseased shade trees, it is imperative that these homeowners be afforded financial relief through an amendment to the Internal Revenue Code allowing such costs to be designated a casualty loss and deductible for Federal Tax purposes.

It is even more imperative that the Federal Government join in this effort in light of the current economic crisis. Every State, Minnesota included, is experiencing severe pressure to make budget cutbacks in every program—and the Minnesota shade tree porgram is no exception. Therefore, Mr. President, I urge my colleagues to join me on a national level to help alleviate the tremendous financial burden dutch elm disease is placing on the taxpayers of this country.

Mr. President, this bill is needed because the Internal Revenue Service has ruled that in order to qualify for a loss deduction, the casualty must meet a "suddenness test." The U.S. Circuit Court of Appeals for the Sixth Circuit has held that the disease does not meet this test. The court stated that the disease itself is progressive and cannot be considered sudden or unexpected.

Shade tree diseases are causing a severe loss to the environment and create a personal hardship for many homeowners, Considering the destruction of these trees a causalty for the purposes of the Internal Revenue Service will encourage property owners to remove the diseased trees and replace them with new ones so that our tree-lined streets will remain so.●

By Mr. HEINZ (for himself and Mr. RIEGLE):

S. 1240. A bill to amend the Internal Revenue Code of 1954 to provide tax incentives for individuals and businesses in urban and rural depressed areas; to the Committe on Finance.

URBAN AND RURAL REVITALIZATION ACT OF 1981

Mr. HEINZ. Mr. President, today I am introducing, along with Senator RIEGLE, the Urban and Rural Revitalization Act of 1981 to insure that the economic recovery program now being developed includes all Americans. What this act proposes is a new approach for assisting distressed areas in our country that might otherwise be left out of a general economic expansion program. While a fiscal plan of spending and tax cuts may indeed generate "a rising tide that lifts all boats," as is hoped, we should also be concerned about the people who do not have boats to begin with, the unemployed and the poor. This act is designed with this sole objective in mind, and I believe is an essential complement to the general administration economic program.

There is general agreement that despite the steps taken to help distressed areas, including the model cities progam, the urban deveopment action grants, the economic development administration, and the Appalachian Regional Commission to name just a few, there still remain serious pockets of unemployment, poverty, and economic decay spread throughout all States in the country. Sadly, every State has places that are suffering from economic paralysis.

In California, it is called Watts, in New York, the South Bronx, while in Illinois, it is the South Side of Chicago. This bill proposes to treat this illness by involving all levels of government, Federal, State, and local, in the cure. And it does so by following the outline of the plan endorsed by President Reagan during the campaign.

Under the act, partnerships between Federal, State, and local governments are created to identify distressed urban and rural areas and also ways to improve the economic lot of those who live there. As part of the plan, State and local governments which have jurisdiction over revitalization areas will tell the Treasury Secretary exactly what steps they will take to revitalize them.

The actual types of assistance will be left up to State and local governments. With local conditions varying so much, it would be a mistake to write an all-inclusive formula here in Washington on how the revitalization process can best be implemented at the local level.

By encouraging States and localities to consider a comprehensive range of policy steps that will allow impoverished areas to blossom, this act is fundamentally different from the Kemp-Garcia proposal introduced in the House of Representatives last Congress. Under the Kemp-Garcia bill, preferential Federal taxation treatment was triggered in only one way, an agreement by a State or locality to lower property tax rates by 20 percent within 4 years.

This restrictive provision has two drawbacks not contained in the Urban and Rural Revitalization Act of 1981. First, some State constitutions prohibit municipal governments from granting differential tax rate treatment along neighborhod lines. In such States, no area could qualify for special Federal status, however economically depressed, unless the cumbersome step of amending their constitutions was taken. This is a very serious obstacle standing in the way of creating badly needed job opportunities. Equally important, is the recognition that taxes are not the only thing that matters in determining whether small businesses set up shop in a revitalization area. Presently, many distressed areas already do not receive adequate municipal services to support the current degree of economic activity inside them. If we are going to create more businesses and jobs there, the level of municipal services in such areas must increase substantially. It makes good sense to require municipalities to address this problem formally in their development plan.

Such local thinking is required under the Urban and Rural Revitalization Act. We badly need local involvement so that this program works for our unemployed youth and others who cannot now find jobs in many of our most distressed areas. With local involvement, we can bring jobs to people, rather than always requiring people to seek out the jobs far from their homes.

Steps that could be taken are diverse. The actual types of assistance that States and municipalities might provide include: Greater fire and police protection, improvements in roads, lighting, waste treatment, or public transportation, the reduction of regulations, and local taxes.

After the Commerce Secretary had reviewed a proposal for compliance with application and approval regulations, then an area would receive special Federal status. Within a revitalization area, firms hiring at least 50 percent of employees living inside it would also benefit from broad Federal tax incentives. This is how the Federal Government will match the commitments made by State and local governments toward bettering the lives of the economically disadvantaged.

The first incentive would permit an area company to depreciate the first $500,000 of annual physical investments under the straightline method over 3 years. Above this amount, all buildings would be depreciated over 10 years and everything else over 3 years, also under the straightline method. The effect of these changes would be to overcome what may be the most important hurdle to revitalizing a depressed area, the lack of physical capital.

Since the citizens of depressed areas often do not have the money to pay for their own transportation to a worksite miles away, their productivity, and thus their pay, is limited by the amount of tools made available by the local company that employs them. In a broader sense, this holds true at the national level as well; over the last 40 years as business has increased the amount of tools each worker uses to do his or her job, productivity and pay, even after inflation, has gone up sharply. All this is even more important for people that must live and work in impoverished areas. By allowing business to write off their investments in tools for their workers more quickly the incentive for providing them to employees is increased. The result will be that more tools are purchased and higher pay.

The second incentive would permit an area company that hires an area resident to take a 12-percent tax credit on the first $15,000 paid to that employee. This incentive is carefully targeted to insure that the new jobs will indeed go to the residents of revitalization areas, not to those already employed outside them. True, a requirement that 50 percent of area residents must be employed for a company to qualify for the benefits extended by Federal, State, and local governments is a strong incentive to hire local people. But a 12-percent tax credit is still needed to offset the additional labor costs now imposed by the Federal Government through social security, unemployment, and workmen's compensation taxes when an area resident is hired. What the tax credit will do is eliminate the "crowding out" of job opportunities for area residents by the Federal Government that now exists.

This incentive for investing in area residents will mean that even more than 50 percent of employees will come from within the areas. And it will also stimulate the creation of more area businesses,

again with a favorable impact on local economic growth and employment opportunities for its residents.

The third tax incentive is a proposal to change the eligibility rules for subchapter S corporations. Under the tax rules for subchapter S corporations, shareholders are taxed as though they were partners instead, yet still retain the advantage of limited personal liability that incorporation provides. Presently, a subchapter S corporation may not have more than 15 shareholders. The Urban and Rural Revitalization Act raises this number to 100 for corporations operating inside a revitalization area.

One immediate benefit this change achieves is to allow area corporations to issue stock to their area employees as part of their compensation without bumping up against the 15-percent limit. A second important advantage is that it insures that the tax benefits conferred through accelerated depreciation and the 12-percent jobs tax credit actually benefit the owner of a small or new area business and therefore help area residents to get jobs.

In many cases, it takes more than 1 year for a new enterprise to operate profitably. Tax incentives have diminished or have no effect on incorporated small business owners if their corporations are unprofitable. When a corporation has no income, it is required to pay no tax. In such cases accelerated depreciation, jobs tax credits and operating losses provide no offsetting revenue, in the form of lower taxes, to its owners. Very simply, in such cases we have to take extra steps to create jobs.

By allowing a corporation to have up to 100 shareholders and still qualify for subchapter S treatment, more new enterprises will be affected by the targeted Federal tax incentives proposed. I believe revamping the subchapter S rules for qualifying firms in revitalization areas is a necessary and essential step for success.

The fourth incentive permits the owner or owners of a firm to sell their interests under more favorable capital gains tax rules. Instead of excluding 60 percent of the gain from ordinary income as is done now, 90 percent would be excluded.

This provision has the effect of raising the after-tax reward for successfully building new revitalization area enterprises by 4 percent to 29 percent depending on the individual income tax bracket of the owners. By raising the reward for success, we expect more people to try. The more who try, the more that will succeed, and the more economic growth and jobs there will be.

The fifth and final tax change proposed is to allow eligible companies within a revitalization area to use the cash accounting method in determining profit and loss instead of the accrual method.

Over the long run, there is little difference in tax liability from using one method or the other. However, the accrual method is significantly more difficult for the small businessman to use. I would prefer to see these owners use their time and money to build up their companies and job-creating opportunities than in figuring out complicated tax forms.

Now, all these incentives are technical, but their purpose is clear, to lift impoverished areas and their people up from poverty. Collectively, these changes in Federal tax law will work in tandem with the assistance provided by sponsoring State and municipal governments. Together, they will provide depressed areas what is needed most, a strong dose of economic growth.

Mr. RIEGLE. Mr. President, I am pleased to join with Senator HEINZ today in introducing the Urban and Rural Revitalization Act of 1981.

This legislation would result in major new private investment in economically distressed areas to create new jobs and a revitalization of industry. This would be especially important to Detroit, Flint, Bay City, Saginaw, Pontiac, Muskegon, Lansing, and many other localities in Michigan that are suffering from high levels of unemployment.

TARGETED TAX INCENTIVES

Specifically, the bill would authorize local governments to designate economically distressed areas as "revitalization areas" in which special tax benefits would be available. Eligibility criteria would be established by the Secretary of Commerce.

These tax incentives would strengthen efforts of local governments to attract businesses to economically distressed areas and stimulate economic growth in those areas. Firms would have to hire 50 percent of their employees from the revitalization area in order to qualify.

The bill would relieve some of the tax disadvantages of start-up enterprises in revitalization areas by permitting firms with up to 100 stockholders to pass tax losses through to shareholders. The bill would permit rapid depreciation of property located in revitalization areas. Machinery and equipment could be depreciated over 3 years. Rehabilitation of existing buildings would be encouraged by permitting the first $500,000 investment in structures to be depreciated over 3 years. Additional investment in buildings could be depreciated over 10 years. The bill would reduce the capital gains tax rates on property located in revitalization areas. Qualifying capital gains would be subject to a maximum tax of 10 percent compared to a tax of 28 percent that applies under current law. It would also allow the full 10 percent investment tax credit on all property located in designated areas. It would permit qualified firms to use the cash method of accounting, which many small firms would find administratively simpler than the accrual method.

This legislation would provide a 12-percent tax credit for wages up to $15,000 paid to residents of the designated areas. Unlike the Kemp-Garcia proposal introduced last year, this bill would provide assistance to rural as well as urban areas. This bill would help overcome important cost barriers that now prevent many firms from locating in distressed areas.

PROVIDES TOOLS FOR LOCAL ECONOMIC DEVELOPMENT

The incentives provided by this bill are especially needed now that a major vacuum will be left by the severe cutbacks in Federal economic development and revitalization programs that have been proposed by the administration.

Deep budget cuts will disrupt hundreds of efforts across the country in which local governments, banks, and private industry are cooperating to create stable jobs in distressed areas. The administration's plan to turn responsibility for economic development back to State and local governments will drop a huge new financial burden on those States and local governments that are hardest hit by economic distress. The Federal Government cannot rely solely on States and localities and then deny them the tools they need to reverse economic decline and to encourage sustained economic growth in their most distressed areas.

FEDERAL POLICIES HAVE HELPED CREATE PROBLEMS

Mr. President, the Federal Government has contributed much to the uneven pattern of economic prosperity and decline in the United States. Federal policies have helped and hurt local economies in ways that we are only beginning to understand but that we must not deny.

The massive Federal impact has affected development at the regional level. For decades, Federal tax policies have drained hundreds of billions of dollars more from States in the Northeast and Midwest than Federal spending policies has returned to those States. Economies in the South and West have been big net gainers from those same policies. The Northeast and Midwest lost $165 billion in this way between 1975 and 1979, a time when basic industries in these regions badly needed capital for modernization. During the same period, the South and West gained $112 billion. Michigan alone loses $7 to $8 million annually.

The Northeast/Midwest Institute estimates that the administration's package of budget cuts, and defense increases will make that problem even worse. The Northeast and Midwest will lose about $100 on a per capita basis as a result of the new budget strategy. The West will gain $45 per capita.

The Federal impact has also affected development at the local level. Highway construction and Federal housing insurance since the Second World War have encouraged people and firms to abandon our cities and move to suburban areas. Tax policies have encouraged businesses to construct new plants in outlying areas rather than to modernize existing plants that are serviced by existing public facilities and public transit.

The resulting dislocations have created enormous new costs for individuals and for society.

Across the country there are local areas that have declining population, eroding tax bases, and a rising demand for welfare and other social services.

The economic distress in these areas will not go away if we simply close our eyes, and assume that free market forces alone will bring prosperity to all these seriously distressed areas. If the problem is left unattended, it will worsen.

DEEP DISTRESS IN SOME STATES

The problem is especially painful in States such as Pennsylvania and my own State of Michigan. Michigan unemployment is at 12.2 percent while the national unemployment rate is 7.3 percent. In the first quarter of 1981, 20,000 jobs were lost as plants closed and firms failed.

The U.S. Department of Labor has just published a list of the 10 cities with the worst unemployment—four of those cities are in Michigan:

Flint (No. 2 on the list with 16.5-percent unemployment);

Bay City and Muskegon (tied for fifth place with 14.9 percent) and

Detroit (ninth on the list, with 13.4 percent).

State and local governments that have the greatest need, simply do not have the resources they need to attract new jobs and stimulate new industry. The Michigan State budget has had to be slashed $855 million already this year. In Detroit, the projected deficit will be $119 million for fiscal year 1982, and it could be much higher unless local income taxes are increased, unless city employees approve a wage rollback and unless the city is able to sell municipal bonds. City services have been cut 18 percent since 1978, and the upkeep of city property has fallen drastically. In my State, there are no funds available for new public initiatives. Our local governments are pushed to the wall financially—and face the loss of Federal economic development aid that they have relied on in the past.

Local governments are under intense financial pressure in Flint, Saginaw, Pontiac, Muskegon, and in many other communities throughout Michigan.

Mr. President, I agree with those who say that most local governments and State governments have the vision and the expertise to address their local economic problems, if they have the necessary resources. I have seen major achievements in my own State—with the assistance of Economic Development Administration programs, with UDAG grants, and with other resources that are now to be cut back. But local officials must be given the tools to work with, and this bill gives Congress an important framework for developing those tools.

The costs of the bill would be more than offset by benefits from reducing the costs of joblessness, from new economic activity and growth, and from increasing hope and productive opportunity for our citizens in America's most distressed areas.

By Mr. MATSUNAGA (by request):

S. 1243. A bill for the relief of Kenneth Darrow and Renee Liddle; to the Committee on the Judiciary.

RELIEF OF KENNETH DARROW AND RENEE LIDDLE

● Mr. MATSUNAGA. Mr. President, I am introducing today a bill at the request of Kenneth Darrow and Renee Liddle.

The purpose of this measure is to reimburse them for an income tax deficiency which had been assessed against them as transferees of the dissolved Rendar Enterprises, Ltd. Rendar Enterprises, Ltd., through no fault of Kenneth Darrow and Renee Liddle, failed to pay a declared dividend prior to the end of the corporation's fiscal year which resulted in the imposition of the personal holding company tax under section 541 of the Internal Revenue Code of 1954.

To summarize the matter, on March 27, 1968, Rendar's board of directors had voted to pay a dividend of $2,000 on September 30, 1968 to shareholders of record as of July 31, 1968. The company's directors undertook this action on their accountants' advice to avoid personal holding company status for the 1968 fiscal year. The company's accountants had advised that payment of such dividend any time within 2½ months after July 31, 1968, the close of the corporation's fiscal year, would prevent imposition of the 70 percent personal holding company tax.

In good faith reliance on this advice, the company paid the dividend on September 27, 1968 to the two shareholders, Kenneth Darrow and Renee Liddle; and they included the amount in their income tax returns for the 1968 calendar year. Whether the dividend was paid before or after July 31, 1968, the tax incidence on the shareholders with regard to the $2,000 dividend income is unchanged insofar as their 1968 tax liability is concerned.

However, the tax court ruled that the dividend should have been paid prior to the end of the fiscal year. Failure to make the timely dividend distribution caused the corporation to be a personal holding company; as such, the corporation was liable for the additional personal holding company tax on its undistributed personal holding company income. The tax court thus upheld the deficiency assessment against Rendar for $16,249.17; the stockholders as transferees were liable for this deficiency in view of the dissolution of the corporation. The good faith mistake of paying the $2,000 dividend after the close of the fiscal year resulted in the imposition of a large penalty tax.

The purpose of the personal holding company tax provisions is to prevent a corporation from sheltering income otherwise taxable to the individual shareholders. In this case, there was no avoidance of income taxes by the stockholders for the reason that the individuals included in their 1968 income tax returns an amount, which if it had been paid on or before July 31, 1968, would have insulated the corporation from the 70 percent holding company tax.

The Tax Court's opinion concluded:

> We are very sympathetic toward petitioner's position, but on the facts of the instant case we must hold that the phc [personal holding company] provisions, strictly read, do not allow any dividends paid after the close of Rendar's 1968 fiscal year to be deemed as having been paid on the last day of such fiscal year pursuant to Section 563(c).

Kenneth Darrow and Renee Liddle maintain that they have no avenue of recovery other than this private relief bill allowing for refund of the taxes paid—$16,249.17 plus interest.

Mr. President, I urge an early and favorable consideration of this matter by the Senate and I ask unanimous consent that the opinion of the Tax Court be printed in the RECORD.

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

OPINION OF THE TAX COURT

64 TC No. 19. Kenneth Farmer Darrow, Trustee for the Creditors and Shareholders of Rendar Enterprises, Ltd., a dissolved corporation. Docket No. 8144-71. 5-14-75. Opinion by Forrester, J. Year 1968. Decision for Commissioner.

OFFICIAL TAX COURT SYLLABUS

Rendar paid no dividends during its 1968 fiscal taxable year but paid a dividend, adequate in amount to exhaust its "undistributed personal holding company income," before the 15th day of the third month following the close of such year.

[1] Held: Even assuming that Rendar had reasonable cause for failing to pay any dividends during its 1968 fiscal year, such reasonable cause is no defense to its failure to comply with sec. 562(b), which requires that some dividends must have actually been paid during its 1968 fiscal year. It is therefore liable for the 70-percent personal holding company tax as provided for in sec. 541.

Richard L. Griffith, for the petitioner.

Eugene H. Ciranni, for the respondent.

Forrester, Judge: Respondent has determined a deficiency of $16,249.17 in petitioner's 1968 fiscal year Federal income taxes. The issue which we must decide is whether petitioner is liable for the 70-percent personal holding company tax imposed by section 541, I.R.C. 1954.[1]

FINDINGS OF FACT

All of the facts have been stipulated and are so found. Those necessary to an understanding of the case are detailed below.

Kenneth Farmer Darrow (hereinafter referred to as "petitioner") was trustee for the shareholders and creditors of Rendar Enterprises, Ltd. (Rendar), at the time the petition herein was filed and also at the time of trial. On the date the petition herein was filed, Rendar's mailing address was in Honolulu, Hawaii. Rendar filed a corporate income tax return for its fiscal year ending July 31, 1968, with the district director of internal revenue, Honolulu, Hawaii.

On March 27, 1968, the board of directors of Rendar voted to pay a dividend of 40 cents a share, or a total of $2,000, on September 30, 1968, to shareholders of record on July 31, 1968. Such declaration was made by the directors in an attempt to avoid personal holding company classification for the corporation's 1968 fiscal year. Payment of the dividend was delayed until September, however, on the advice of Rendar's firm of certified public accountants, experienced in tax matters. Such firm had served as Rendar's accountants since the corporation was organized and, on the date of the directors' meeting, was in possession of all information concerning the declared dividend. It was the opinion of such firm, communicated to Rendar's board prior to the close of its 1968 fiscal year that payment of the dividend, if accomplished at any time up to 2½ months after the close of Rendar's fiscal year on July 31, 1968, would prevent the imposition on Rendar of the personal holding company tax for such fiscal year.

Rendar's board of directors relied in good faith on their accountants' advice as to all matters relating to the declaration and payment of the dividend described above. Pur-

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Footnotes at end of article.

suant to such advice, Rendar, while financially capable of paying the $2,000 dividend on March 27, actually paid the dividend on September 27, 1968. No dividends were actually paid by Rendar during its fiscal year ending July 31, 1968. The $2,000 dividend was divided in equal amounts between Rendar's two 50-percent shareholders, petitioner and Renee Liddle, each of whom included the $1,000 dividend received on their respective 1968 calendar year Federal income tax returns.

Over 80 percent of Rendar's gross income in fiscal 1968 was comprised of rents, and the parties do not dispute that, if we hold that less than $1,548.52 of the above-described dividend can be deemed as having been paid during its 1968 fiscal year, Rendar was a personal holding company during 1968 and subject to the section 541 imposition as determined by respondent.

On June 8, 1969, a dissolution resolution was adopted at a special meeting of Rendar's shareholders. The Hawaii Office of the Director of Regulatory Agencies issued a decree of dissolution for Rendar on August 6, 1969.

In his statutory notice of deficiency respondent determined that Rendar, during its 1968 fiscal year, was a personal holding company described in section 542(a) of the Code. He further determined that Rendar had undistributed personal holding company income during such year (undisputed as to amount) which was subject to the 70-percent imposition of section 541.

OPINION

We must decide in the instant case whether Rendar is liable for the 70-percent personal holding company (phc) tax provided for by section 541. Pursuant to such section, a tax equal in amount to 70 percent of a phc's undistributed phc income is imposed on such phc in addition to any other taxes for which the phc may be liable under other sections of the Code.

The actual issue upon which Rendar's tax liability rests is a very narrow one: whether or not, under section 563, at least $1,548.52 of the dividend paid to Rendar's two 50-percent shareholders on September 27, 1968, may be deemed as having been paid on the last day Rendar's 1968 fiscal year, July 31, 1968.

Under section 543(a)(2) of the Code, personal holding company income includes the adjusted income from rents unless certain conditions are met.[2] In the instant case, the parties do not dispute that the condition specified in section 543(a)(2)(B) cannot be met unless we find that at least $1,548.52 of the above-mentioned dividend was paid on the last day of Rendar's 1968 fiscal year. If such condition is not met, the parties again do not dispute that Rendar would have been a phc because of section 542(a),[3] and liable for the 70-percent imposition of section 541 as determined by respondent.

Petitioner did not even attempt, on brief, to argue that any statutory language supports his position that any part of the $2,000 dividend, paid on September 27, 1968, should be deemed as having been paid on the last day of Rendar's 1968 fiscal year. Indeed, the statute clearly points to the contrary conclusion. Section 563(c) provides, in substance, that for phc tax purposes, a dividend paid within 2½ months after the close of the taxpayer's taxable year will be considered as having been paid "on the last day of such taxable year." While the $2,000 dividend declared by Rendar's board on March 28 was actually paid within such period, section 543(a)(2)(B)(ii) further provides that the amount to be considered as paid on the last day of the fiscal year is subject to the limitation posited in the second sentence of section 563(b). Such limitation is as follows:

The amount allowed as a dividend by reason of the application of this subsection with respect to any taxable year shall not exceed either—

(1) The undistributed personal holding company income of the corporation for the taxable year, computed without regard to this subsection, or

(2) 10 percent[1] of the sum of the dividends paid during the taxable year computed without regard to this subsection.

Petitioner paid no dividends during its 1968 fiscal year and thus is not entitled to claim that any part of the dividend paid subsequent to the close of its fiscal year is eligible for the special treatment provided for by section 563(c).

Petitioner makes basically two arguments against such an apparently straight-forward reading of the statute. He first contends that, because the dividends paid on September 27 were included by Rendar's two 50-percent shareholders in their own personal income tax returns for the calendar year 1968, the abuses which Congress attempted to remedy by the phc provisions are simply not present in the instant case. Hence, petitioner asserts it is appropriate, in the instant case, to allow the subsequently paid dividend to be considered as having been paid during Rendar's 1968 fiscal year in order to prevent the imposition of the 70-percent tax. Congress, however, has given us virtually no leeway to consider such a position. The clear import of the second sentence of section 563(b) is that if a company fails to actually pay any dividends during its fiscal year, then it is not entitled to rely on section 563(c) in having dividends paid subsequent to the fiscal year considered as having been paid during such fiscal year. When the congressional language is so clear, arguments such as petitioner's are in effect requesting us to rewrite a section of the Code, an action we simply cannot take in the instant situation.

Petitioner finally argues that because the 70-percent tax may be, and has been described as a penalty-type imposition (Pembroke Realty & S. Corp. v. Commissioner, 122 F.2d 252, 253 [27 AFTR 833] (2d Cir. 1941), revg. 42 B.T.A. 341 (1940); Sicanoff Veg. Oil Corp. v. Commissioner, 251 F.2d 764, 770 [1 AFTR 2d 779] (7th Cir. 1958), revg. 27 T.C. 1056 (1957); S. Rept. No. 558, 73d Cong., 2d Sess. (1934), 1939-1 C.B. (Part 2) 586, 596 that its assessment should not be permitted when as here the taxpayer can show that its failure to escape the clutches of the statute was due to reasonable cause. The phc provisions, however, contain no mention of a reasonable cause standard for determining a taxpayer's reject petitioner's efforts to have us legislate in these matters.

In enacting the phc surcharge in the Revenue Act of 1934, it was the congressional intent to set forth specific standards for the determination of whether or not a company should be deemed a phc and taxed accordingly. If a company meets the criteria set down by Congress in the statute, the imposition of the tax is to follow without further question: "The effect of this system recommended by your committee is to provide for a tax which will be automatically levied upon the holding company without any necessity for proving a purpose of avoiding surtaxes. It is believed that the majority of these corporations are in fact formed for the sole purpose of avoiding the imposition of the surtax upon the stockholders." H. Rept. No. 704, 73d Cong., 2d Sess. (1934), 1939-1 C.B. (Part 2) 554, 563. See also S. Rept. No. 558, 73d Cong., 2d Sess. (1934), 1939-1 C.B. (Part 2) 586, 597.

Relying upon this language in the legislative history, we and other courts have been consistent in holding that the phc provisions must be applied strictly in order to fulfill this expression of congressional intent. O'Sullivan Rubber Co. v. Commissioner, 120 F.2d 845, 848 [27 AFTR 529] (2d Cir. 1941), affg. 42 B.T.A. 721 (1940); Litchfield Securities Corp. v. United States, 325 F.2d 667 [12 AFTR 2d 6042] (2d Cir. 1963), cert. denied 377 U.S. 931 (1964); Cedarburg Canning Co. v. Commissioner, 149 F. 2d 526, 528-529 [33 AFTR 1404] (7th Cir. 1945), affg. a Memorandum Opinion of this Court; Kurt Frings Agency, Inc., 42 T.C. 472, 477 (1964), affd. per curiam 351 F.2d 951 [16 AFTR 2d 5853] (9th Cir. 1965). Despite any harshness or other subjective factors which may be present, if a company fits the literal description of a phc contained in the Code, and if it has undistributed phc income as defined in the statute, imposition of the 70-percent tax is a matter of course. Porto Rico Coal Co. v. Commissioner, 126 F.2d 212, 213 [28 AFTR 1316] (2d Cir. 1942), affg. 44 B.T.A. 221 (1941); Coshocton Securities Co., 26 T.C. 935, 939 (1956).

In light of the above long-standing authority, we can accord very little attention to petitioner's request that we allow a taxpayer to escape phc characterization if he can show "reasonable cause" for having failed to avoid the grasp of the statute. Such a rewriting of the statute would clearly impinge upon the automatic quality of the phc provisions which Congress intended, an intent which has caused the courts, as described above, to consistently refuse to take into account subjective factors in determining the applicability of the phc provisions to individual cases.

Petitioner also argues that there is a "general policy" in the tax law, as interpreted by the courts, which requires that taxpayers be allowed a reasonable cause defense in the case of penalty-like provisions such as section 541. Petitioner, however, does not support his theory that, as a general matter, penalty-like provisions in the Code are or should be subject to a reasonable cause standard. He instead relies solely on case law interpreting section 6651(a), which section explicitly provides for the taxpayer a "reasonable cause" escape route from the penalty imposed by that section. See also section 6652(a). The phc provisions, on the other hand, posit no such reasonable cause defense for a taxpayer attempting to contest the imposition of the 70-percent tax. Thus, cases dealing with section 6651 are simply not in point in considering the proper interpretation and application of section 541.

Indeed, an examination of the history of section 6651(a) clearly refutes petitioner's theory that all penalty-like provisions must have read into them a "reasonable cause" defense. Prior to 1936, the predecessor to section 6651(a) did not contain the "reasonable cause and not due to willful neglect" language as to "failure to file," which is today contained in section 6651(a)(1). In interpreting this earlier section, the courts uniformly held that if a return was never filed the imposition of the penalty was mandatory, and considerations of "reasonable cause" were irrelevant. Commissioner v. Lane-Wells Co., 321 U.S. 219, 224-225 [31 AFTR 970] (1944); Axel Holmstrom, 35 B.T.A. 1092, 1105 (1937), affd. 94 F.2d 747 [20 AFTR 992] (3d Cir. 1937); Scranton, Lackawanna Trust Co., Trustee, 29 B.T.A. 698, 702 (1934), affd. per curiam 80 F.2d 519 [17 AFTR 71] (3d Cir. 1935), cert. denied 297 U.S. 723 (1936). It was only after the Revenue Act of 1936 had specifically posited a "reasonable cause" standard for taxpayers who had failed to file a return that the courts began applying such a standard. Commissioner v. Lane-Wells Co., supra at 224-225. In the instant case, we too feel constrained to await the lead of Congress before applying any reasonable cause standard in the phc situation.

At most, courts which have characterized

Footnotes at end of article.

section 541 as imposing a penalty, have demanded a very strict reading of the phc provisions before allowing the imposition of the 70-percent tax. Sicanoff Veg. Oil Corp v. Commissioner, 251 F.2d at 764. Frelbro Corp. v. Commissioner, 315 F.2d 784, 788 [11 AFTR 2d 1216] (2d Cir. 1963), revg. 36 T.C. 864 (1961). We are very sympathetic toward petitioner's position, but on the facts of the instant case we must hold that the phc provisions, strictly read, do not allow any dividends paid after the close of Rendar's 1968 fiscal year to be deemed as having been paid on the last day of such fiscal year pursuant to section 563(c).

Decision will be entered for the respondent.

FOOTNOTES

[1] All statutory references are to the Internal Revenue Code of 1954, unless otherwise indicated.

[2] Sec. 543. Personal Holding Company Income.

(a) General Rule.—For purposes of this subtitle, the term "personal holding company income" means the portion of the adjusted ordinary gross income which consists of:

(2) Rents.—The adjusted income from rents; except that such adjusted income shall not be included if—

(A) such adjusted income constitutes 50 percent or more of the adjusted ordinary gross income, and

(B) the sum of—

(i) the dividends paid during the taxable year (determined under section 562),

(ii) the dividends considered as paid on the last day of the taxable year under section 563(c) (as limited by the second sentence of section 563(b)), and

(iii) the consent dividends for the taxable year (determined under section 565),

equals or exceeds the amount, if any, by which the personal holding company income for the taxable year (computed without regard to this paragraph and paragraph (6), and computed by including as personal holding company income copyright royalties and the adjusted income from mineral, oil, and gas royalties) exceeds 10 percent of the ordinary gross income.

[3] Sec. 542. Definition of Personal Holding Company.

(a) General Rule.—For purposes of this subtitle, the term "personal holding company" means any corporation (other than a corporation described in subsection (c)) if—

(1) Adjusted Ordinary Gross Income Requirement.—At least 60 percent of its adjusted ordinary gross income (as defined in section 543(b)(2)) for the taxable year is personal holding company income (as defined in section 543(a)), and

(2) Stock Ownership Requirements.—At any time during the last half of the taxable year more than 50 percent in value of its outstanding stock is owned, directly or indirectly, by or for not more than 5 individuals. * * *

[4] For all taxable years beginning after December 31, 1969, the applicable percentage is 20 percent. P.L. 91–172, sec. 914(a).●

By Mr. HART (for himself and Mr. RANDOLPH):

S. 1244. A bill to amend section 601 of the Powerplant and Industrial Fuel Use Act of 1978 to provide comprehensive assistance to States, local governments, and Indian tribes to mitigate the adverse social and economic impacts caused by major energy developments, and for other purposes; to the Committee on Environment and Public Works.

ENERGY IMPACT ASSISTANCE ACT OF 1981

● Mr. HART. Mr. President, I am pleased to introduce today, on behalf of Senator RANDOLPH and myself, for consideration in the 97th Congress, the Energy Impact Assistance Act of 1981.

This bill is identical to the legislation approved by the Senate last year as title III of the fiscal year 1981 authorization for the Department of Energy. Since the House of Representatives did not consider the DOE authorization legislation, the energy impact bill did not become law.

The legislation is, to a large extent, an outgrowth of an effort I first undertook in 1976, and have pursued since in cooperation with the Senator from West Virginia (Mr. RANDOLPH) and the Senator from Kentucky (Mr. FORD).

The legislation introduced 5 years ago was considered by the Committee on Environment and Public Works, since the bill would have created a program administered by the Economic Development Administration. Working closely with the Administration, the National Association of Counties, the National Governors' Association, and other interested groups, the Environment and Public Works Committee considered this legislation—the so-called Hart-Randolph bill—and ordered it reported to the full Senate. The Committee on Governmental Affairs, which shared jurisdiction over the bill, also approved the bill, with some changes. However, the 95th Congress adjourned before the Senate was able to resolve the difference between the two bills.

Although the Senate never considered the comprehensive energy impact legislation, Congress did enact—in section 601 of the 1978 Fuel Use Act—a limited program for energy impact assistance. Under that program, the Farmers Home Administration has made grants to local governments to help with some of the impacts caused by coal and uranium development activities.

Not wanting to duplicate unnecessarily the section 601 program, Senator RANDOLPH and the other interested members of the Committee on Environment and Public Works joined me in the 96th Congress in proposing legislation to expand the limited section 601 program into the comprehensive program envisioned by the original Hart-Randolph bill. Senator FORD, on the Committee on Energy and Natural Resources, and Senator GLENN, on the Committee on Governmental Affairs, provided the leadership to bring the legislation before the full Senate, which approved the bill in the summer of 1980.

As approved by the Senate last year—and as we are introducing it today—the Energy Impact Assistance Act provides assistance to State and local governments and Indian tribes to help them avoid and reduce the adverse social and economic effects of large scale energy development. The major provisions of the legislation include:

The eligibility for assistance under the act for any local area experiencing adverse social and economic effects because of the development of energy resources which are being used to meet national needs;

Federal grants to help State and local governments and Indian tribes plan for the management of the growth caused by energy development;

"One stop shopping" to help local governments discover and tap existing Federal assistance programs which can be used to meet their energy impact needs:

Reviews by Federal agencies of their existing programs to improve the delivery of services to energy impact areas;

New Federal assistance—$1.5 billion in Federal guarantees of loans by State and local governments and Indian tribes, and $400 million per year in loans and grants to State governments and Indian tribes during fiscal years 1982 through 1985—to be used as a last resort to provide public facilities and services which cannot be funded under other programs; and,

A prohibition against any delays in energy development projects, even if assistance under this act is delayed.

The need for this legislation is clear. We all recognize the overriding necessity to increase drastically our domestic production of energy.

However, this development can have serious adverse effects on the local communities where the energy resources are located.

Energy development drastically changes the community. New specialized workers arrive with their families, with the demand for "secondary" jobs to supply new goods and services. The actual population growth can be as much as six times the increase in energy jobs.

This growth has already happened in many places. Craig, Colo., which is in the center of a coal boom, grew by almost 50 percent in 3 years, and will likely double again by 1985.

This boom growth is likely to happen even more frequently in the future, since synthetic fuel plants cause greater impacts than other forms of energy development. The Department of Energy predicts an average 100,000-barrel-per-day facility, for example, will draw 20,000 new people to the facility site.

This sudden population growth causes severe and complex problems, including shortages in public facilities and housing. New residents rapidly overload existing schools, roads, sewers, hospitals, and other facilities.

The Department of Energy's best estimate is that the development costs of the facilities and services minimally necessary for each new resident is $7,000. A synthetic fuels plant drawing 20,000 new people then, would have an impact price tag of $140 million.

In northwestern Colorado alone over the next 10 years, the total price tag could be more than $1 billion.

The social and economic disruptions are even worse than the need for new facilities and services.

In Craig, Colo., for example, in 3 years, crimes against people increased by 900 percent, alcoholism cases increased by 623 percent, family disturbances increased by 352 percent, child abuse and neglect cases increased by 130 percent, and child behavior problems by 1,000 percent.

The same problems arise from any energy development. Virtually every State will experience severe impact pro-

grams as our domestic energy production accelerates.

The communities' needs far exceed their resources. For example, of 179 communities in Federal region VIII with energy-related impacts, only about 25 have planners. The almost total lack of expertise to deal with rapid growth leaves these communities extremely vulnerable.

While local revenues from taxes on the energy development and related growth will help, they will not be adequate. One study—already outdated—identifies the total national energy impact needs as $80 billion by 1985, while the increased State and local revenues would be only $49 billion.

Much more importantly, however, the revenues do not come in until after the local governments must address the impacts.

The greatest need for expanded facilities and services is before the surging population overruns the existing resources.

A local government often cannot borrow against future revenue to meet its initial needs. Generally, the town has no previous bonding history, and little resources to back any bonds.

The energy impact legislation is designed to help provide an economic bridge, through limited front-end assistance until the revenues from the energy development begin to come in.

Of course, there are other ways in which a Federal energy impact assistance program could be designed. The reintroduction of the bill, as it was approved by the Senate last year, should be taken as a starting point for discussions on whether and how the program should be changed, not as any indication that the legislation is in finished form. In fact, I am currently engaged in discussions with energy companies. State and local governments, and other interested groups to determine what changes should be made in the legislation. These discussions are covering a wide range of possible approaches, including such fundamentally different approaches as using changes in Federal tax laws to encourage energy companies themselves to finance the local facilities and services which, under the legislation being introduced today, would be financed by Federal funds. After further consideration of different approaches, we may propose modifications to the bill being introduced today, or perhaps a completely different bill.

Whether the assistance is provided under this legislation or under some other, new approach, the Federal Government has a clear responsibility to help State and local governments and Indian tribes deal with the social impacts of energy development. After all, the energy will be produced largely on national land. It will be produced in response to national policies. It will be produced to meet national needs. And its production will benefit greatly the national economy. It would be irresponsible for the National Government to accept the benefits of the energy development it has encouraged without helping to ease the local burdens.●

By Mr. HATCH (for himself, Mr. LAXALT, Mr. GARN, Mr. GOLDWATER, Mr. HELMS, Mr. CANNON, Mr. STEVENS, Mr. WALLOP, Mr. ZORINSKY, Mr. JEPSEN, Mr. TOWER, Mr. SIMPSON, Mr. HAYAKAWA, Mr. DECONCINI, Mr. DOLE, and Mr. HUMPHREY):

S. 1245. A bill to provide for the cession and conveyance to the States of federally owned unreserved, unappropriated lands, and to establish policy, methods, procedures, schedules, and criteria for such transfers; to the Committee on Labor and Human Resources.

PUBLIC LANDS REFORM ACT OF 1981

Mr. HATCH. Mr. President, on behalf of Senators LAXALT, GARN, GOLDWATER, HELMS, CANNON, STEVENS, and myself, I send to the desk for appropriate reference the Public Lands Reform Act of 1981. This bill is a substantially revised version of the Western Land Distribution and Regional Equalization Act of 1979 which I introduced in the 96th Congress.

SHORT EXPLANATION

The Public Lands Reform Act of 1981, would provide an orderly and efficient statutory mechanism by which various Western States could apply to the Federal Government for ownership and control of unreserved and unappropriated Federal land within their respective borders. Applicant States would be required to meet certain minimum qualifications at the time they apply for the exchange of ownership and, after they assume ownership, any subsequent transfer of lands to private auspices would be restricted to the current Federal guidelines for disposal and sale as provided for in section 203 of the Federal Land Policy and Management Act. The bill provides that in the unlikely event that a State receiving lands under the act proceeds with a sale or other conveyance in violation of this clause, the particular conveyance transaction will be nullified by Federal law.

FEDERAL OWNERSHIP OF NATURAL RESOURCES AND AMERICAN SOCIAL, ENVIRONMENTAL, AND ECONOMIC REALITY: A CASE OF INSTITUTIONAL INCOMPATIBILITY

This bill addresses a single issue which lies at the core of an increasing part of our labors here in the Congress. It is an issue which is principally responsible for an extraordinary measure of grief and anxiety being felt by my constituents. I argue that it is also responsible in part for the collossal failure of this country to respond effectively to a decade of being held hostage economically by OPEC oil production.

I am referring, of course, to the fact that over one-third of the continental land mass of the United States, and surely, more than half of our domestic supplies of critical natural resources are owned and outright controlled by the Federal Government. I am referring to the fact that in the West, over two-thirds of the land is outside the jurisdiction of State and local laws by virtue of its being owned by the Federal Establishment.

Mr. President, this arrangement is fundamentally incompatible with the social and economic institutions of this country and as such, is not in the best interest of either the people of the United States or their environment.

Since the introduction of the so-called Sagebrush Rebellion in the national arena a lot of the rhetoric in favor of divesting the Federal Government of its ownership of these lands has focused on the inequities and inanities of Federal land management decisions.

I would like to depart from the pattern and delve a little deeper into the significance of Federal ownership with a glimpse of what county government is like in a county with 90 percent Federal ownership.

Several months ago in southeastern Utah, the commissioners of a rural county became concerned over the fact that BLM wilderness inventory was posing a serious threat to the economic future of the communities in their jurisdiction. They also clearly recognized the new wave of management control portended by a plethora of regulations in the Federal Register dealing with access and use of land comprising most of their county, as a usurpation of their lawfully mandated responsibilities by the Federal Government. To make their point in a way that might be noticed by the landlords in the main Interior building and in the Halls of the Congress 2,000 miles away, they convened a special meeting of the commission and ordered the county road crew to "improve a specified public way pursuant to the protection of public health and welfare."

The public way in question had been regularly used by citizens for 17 years, was in very poor, even dangerous condition, and happened to be within the boundaries of an area which the BLM had labeled "roadless" and suitable for inclusion in the wilderness inventory. What resulted was a token test of whether or not the county government had any real authority to govern in most of the county.

They were prompted to take such drastic action by the stark realization that the laws which applied to all State and private land in their jurisdiction did not apply to the other 90 percent of the county. BLM, you see, does not consider itself just another property owner; they do not obey State and local planning decision, they do not pay property taxes, they do not respect the laws of adverse possession, and so forth.

I would ask some of my eastern colleagues if local government officials in their States would like to preside over a situation wherein 90 percent or more of the real estate was not taxable, but instead contributed revenues to their coffers only by virtue of an annual dole in the form of payments in lieu of taxes? Would they be comfortable with the knowledge that any long-range plans they might make had to factor in the distinct possibility that their tax base could be erased without notice, at the whim of the Federal Congress?

How much municipal authorities react to the prospect of having their community growth patterns dictated by the prevailing attitudes of the current regime in Washington, D.C., rather than the will of the community and the value and suitability of the land? How would

they feel about an overt declaration by the President of the United States to the effect that it was a priority matter for his administration to develop a water policy for Federal lands and watersheds in order to "control growth patterns" in their county or city?

I know the answer, Mr. President; those officials and their constituents would react the same way that my constituents and the State and local officials in my State have reacted. They would not ask that the Federal Government learn to be a "good neighbor," they would demand abolition of the institutional bonds which place them under the threat of such intolerable Federal intervention into their affairs. That is what this bill is intended to facilitate.

Effective environmental protection programs and a viable minerals industry share at least one common prerequisite. They, by their very nature, require long-term consistency in resource management policy. In other words they are both characterized by a critical need for a great deal of detailed advance research and planning before any results can be expected, and it is therefore essential that the tenure of both be assured.

The willingness of financiers to make the large, early investments in mineral development on western lands will be seriously affected by whether they can predict with some degree of certainty that they will ultimately be allowed to reap any harvest from today's investments, 15 or 20 years later when the mines could reasonably be expected to be operational. By the same token, any recovery efforts for a typical endangered plant or animal or any rangeland recovery program would be a waste of effort unless those who plan it can assume that there will be a commitment by future land managers to carry out their programs.

One of the most salient features of our Federal Government is its immunity to most of the incentives and pressures which produce change in the private sector. Specifically, it does not respond to the urgings of the market place over the long-term, a characteristically predictable set of forces. Instead, it responds to one of the most fickle factors in our society, national presidential politics.

In the recent past we saw an extraordinary price incentive to develop domestic energy resources correspond with a politically inspired decision to curtail all coal leasing and all routine, on-shore oil and gas leasing on Federal lands.

As the result of one of the finest public relations campaigns in history, the environmental movement has created a remarkable public and political awareness of the magnitude of the values inherent in one-third of the Nation's land and half of our resources. The question I pose is this: Can either the environment or the economy afford to have those stakes gambled by national political forces? Can we afford to have the Nation's marrow become a political football to be kicked from one end of the development versus preservation spectrum to the other every 4 or 8 years?

I do not think so, Mr. President. It is my conviction that we must act soon to remove the lands to a public repository which has a long track record of prudence, we must transfer the ownership of the national resource lands to the States in which they lie.

The Public Lands Reform Act is intended to right a wrong over 100 years old. Unlike the Eastern States which were admitted to the Union with State or private control over the land within their borders, Western public land States were treated like second-class colonies, and were forced to give up their rights to the vast amounts of land with'n their boundaries. It is fundamentally wrong for Uncle Sam to own, control, and regulate one-third of America. Sixty-three percent of the land west of the Rockies is managed by the Federal Government. Please note that the first class States in the East, however, average about 5 percent Federal ownership—a much more reasonable degree of Federal presence.

This bill redresses these inequities, establishes a mechanism for transferring about 460 million acres of Western lands now managed by the Bureau of Land Management from Federal to State control, plus about 8 million additional acres of forest lands. The transfer would not be automatic, and States would be required to pass laws to provide for sound management practices. The bill does not permit transfer of lands such as national parks, wildlife sanctuaries, or Indian reservations.

To effect the transfer of title, a board will be appointed for each applicant State to see that the State is capable of managing the lands, as defined by the law. The Federal Land Transfer Board, after certifying that a State has the appropriate land management mechanisms in place, transfers title and rights to the State.

The Federal Land Transfer Board would have a total of seven members. The Governor of the State involved recommends a slate of candidates from which the President picks three to sit on the board. In addition, there are three representatives from the Federal Government, one each from the Departments of Interior, Agriculture, and Defense. The President appoints a chairman who is nonvoting, except in the case of a tie vote by the board.

Mr. President, as a fundamental matter of equity, it is wrong for the Federal Government to control three-fourths of the land within the boundaries of a State. Westerners deserve the same rights as all other citizens, to assure that we Westerners will be able to manage our vast resources according to our own and the Nation's highest human needs, not those of Washington, D.C. bureaucrats; to insure that development occurs in a clean, orderly and timely manner; to create new jobs and opportunities for our people; to relieve the State and local tax burden by providing new tax sources; to reduce the size and power of the Federal Government; to assure State and local management of State and local problems with direct accountability to the people; and to assure wise stewardship of the resources available in those lands, for the benefit of all the people in this country, and their children.

Our experience in the past and recent, pointed examples suggest that the States can do at least as well as, and probably better than the Federal Government in managing the bulk of this public domain.

Federal agencies frequently promulgate conflicting regulations for western land use. The Department of Energy tells the West that development of energy resources is the top priority for western land. In the past, the Department of Interior has stressed wilderness preservation. And on the same Federal land, the Department of Defense says that MX missile deployment absolutely takes first precedence. There are simply too many inconsistent directives coming out of Washington, D.C. which fail to consider local conditions and realities.

Recent changes of some of the decisionmakers in the executive branch—most notably the installation of Ronald Reagan as "First Sagebrush Rebel"—do not alleviate all our problems. We feel that Secretary Watt's good neighbor policy will be a much-needed relief to the West, and we appreciate his efforts. However, we simply cannot rely on the good will of future administrations to continue his policies. Also, the inequity of State sovereignty is not resolved by this policy shift.

There are clear indications the States in question recognize the gravity of this type of action, and will accept the burdens to gain the benefits. Land transfer is permissive and not mandatory. In 1979, Nevada was the first State to assert State control over Federal land. Since then, Arizona, California, Colorado, Hawaii, New Mexico, Utah, and Wyoming have all passed similar State laws of resolutions of support. However, this bill would not provide automatic transfer of lands. States would have to apply for the land and meet certain criteria before transfers could be made.

In addition to the West's philosophical desire to be on an equal footing with the rest of the States, we are fed up with the morass of Federal regulations that accompany Federal land ownership in the West. We simply do not believe that "Washington knows best" when it comes to planning a park, expanding a town, grazing a cow or drilling for oil. The West is over-regulated and under-compensated for its contributions to the Nation.

These western States clearly recognize the value of the lands they would manage, and there is every indication their respective governments will improve the management, not, as some fear, sell the land. Under this bill, they could not. This bill envisions that States will retain the vast majority of land they receive for the benefit of the entire Nation under multiple-use management principles.

Criteria in the bill require that States could only sell the land if it were difficult or uneconomic to manage, no longer needed for a specific purpose for which it was acquired, or would serve important public objectives which could not be accomplished in a practical manner on other lands. These criteria are patterned after the Federal Land Policy and Man-

agement Act, which prescribes the ways in which the Secretary of the Interior may presently convey lands from Federal ownership. Additionally, any subsequent conveyances by the State not in conformance with these criteria are specifically proscribed.

In the West, we know that continued access by hunters, fishermen, campers, and other recreationists and users of public land is extremely important. This bill provides for continued access to other Federal lands and, should conveyance from State ownership occur, provides that access to the remaining State lands be maintained—a protection we have been unable to obtain from current management.

This brings up the issue of potential for mismanagement. We believe local people, whose lives and livelihoods are directly tied to effective land management, will do an even better job than has been done in the past. The expertise in land management is concentrated in the western States where curricula emphasize land management in the colleges and universities—and where it is not uncommon to find farmers and ranchers with advanced degrees in "wise land management." The Federal Government has no monopoly on land management expertise. The local user, on the other hand, has management expertise, consultants available, and an intense interest in the wise management of the lands.

Home rule for the West will result in more efficient, more timely and more responsible management. Those who, by virtue of their proximity to the land will directly bear the consequences of management decisions have always made better caretakers than landlords from 2,000 miles away. Some specific examples: At the same time that Federal land managers conjured a controlled burn policy to govern their allocation of fire-fighting resources, a system which subjectively defined certain forest fires as natural and thus to be allowed to burn uncontrolled, my home State, Utah, adopted a pure cost-benefit formula for determining how much to spend per fire. They dispense the State's fire-fighting budget as a function of the dollar value of the threatened resources. The not-so-surprising result is that the State of Utah puts out more fires for each dollar they spend than their Federal counterpart.

A lot of the concern which has been voiced against State ownership has expressed reservations about the States' commitment to such environmental values as clean air. What is overlooked is the historical fact that the whole Federal clean air initiative was inspired by and, to a great degree, patterned after the California State clean air act. California acted first to clean up its own atmospere; the Feds were latecomers.

Essentially, the same scenario applies to the Federal laws controlling the effects of strip mining. In fact, the Federal Surface Mining Control and Reclamation Act was inspired by and patterned after several State laws which were in place at the time the Federal law was conceived. It is also notable that the Pennsylvania, Montana, and Colorado mined-land reclamation laws are actually working while the Federal statute has accomplished little more than to set records for the publication of regulations in the Federal Register, most of which have been nullified by the Federal courts.

It is all too easy to point a finger at Appalachia as an example of the ineffectiveness of State control. To do so tacitly ignores the fact that at the same time the "rape of Appalachia" occurred, it was compatible with a national ethic casting man and his institutions as conquerors of nature and that the Federal Government likewise took no role in preventing what we now, in retrospect, view as an environmental atrocity.

One further example of State preeminence in a matter of great concern to those interested in public land management involves the question of retaining the public domain in government ownership. It is often alleged that if the States owned the lands which are currently owned by the Federal Government, they would merely auction them off for "short-term profit." The facts are that the Federal policy of retention was only established in 1976 with the enactment of the Federal Land Policy and Management Act. Prior to that time there were Federal homestead laws in force which merely gave land away to any citizen who would develop it. The State of Utah, along with most of its neighboring States wisely adopted policies of retention long before 1976 simply because they realized that leasing land for resource access rather than selling it off provided continuing, long-term benefits to the State.

In general, the only way the allegation that States would be poorer managers of that land can be made to sound reasonable, is to compare the policies and performance of State government at the turn of the century with its modern Federal counterparts. If the comparison is made on the basis of current management programs, most States outshine the Feds hands down.

Some of my colleagues will be surprised to hear that State management may in fact cost less. Studies by land-grant universities have indicated just that. We have always contended that close-to-home management is more economic. To prove that point to people who do not believe it, this bill calls for a study of the relative costs and benefits of State versus Federal land management. The effect of present Federal regulatory burdens will also be considered in this study.

Meeting with the press this morning Representative GEORGE HANSEN of Idaho characterized this issue as one of home rule. I think the local residents of Washington, D.C., and Mayor Barry would sympathize with us there. But, it seems rather odd to us that the Federal Government controls a greater portion of the land in Utah than it does in the Federal enclave in the District of Columbia. Years ago Congress granted a great degree of home rule authority to the residents of the District; we are asking equal treatment in this matter, at least. But there are some critical differences in these two cases. In the West, we have incredible potential to develop the national resources that will keep the East running. We have the opportunity to do so—but that opportunity will not keep on knocking forever—we have to open the door soon. Residents of the District of Columbia are unhappy with rule by Congress; it is not unusual that westerners would have similar complaints. But we in the West are not asking for Federal help. Please get the Federal Government out of our way, and then we will be able to help out the rest of the Nation. In exchange for getting off our backs, we will provide your grandmother in Connecticut with heating oil at a price she can afford; we will provide a lasting, renewable, and renewed timber resource that will enable your cousin to build a house long-dreamed-of in central Ohio; we will dig the coal that will keep Norfolk, Va., in the top-ranking energy-exporting ports in the world. Give us half a chance, and we will find the ores to keep U.S. manufacturing in the vanguard of innovation and productivity; and we will still provide more vacation and challenging recreation opportunities than the rest of the Nation combined. Grant us a degree of home rule, and we will return to the rest of the Nation a better home and a better way of life.

If the rest of the United States, especially those of you east of the 100th meridan, were really aware of the extent to which the lives of those of us in the West are dictated by the Federal Government, most would sympathize with us. After all, easterners have a history of rebellion against Government rule by long distance. In an earlier time, it was called the American Revolution. The Sagebush Rebellion is just a variation on a traditional American theme.

ADDITIONAL COSPONSORS

S. 46

At the request of Mr. THURMOND, the Senator from Colorado (Mr. ARMSTRONG) was added as a cosponsor of S. 46, a bill to amend title 5 of the United States Code to permit present and former civilian employees of the Government to receive civil service annuity credit for retirement purposes for periods of military service to the United States as was covered by social security, regardless of eligibility for social security benefits.

S. 101

At the request of Mr. DECONCINI, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 101, a bill to amend title 18 of the United States Code to define and limit the exclusionary rule in Federal criminal proceedings.

S. 144

At the request of Mr. HEINZ, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 144, a bill to encourage exports by facilitating the formation and operation of export trading companies, export trade associations, and the expansion of export trade services generally.

S. 170

At the request of Mr. PACKWOOD, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 170, a bill to amend the Internal Revenue Code of 1954 to allow the charitable deduction to

taxpayers whether or not they itemize their personal deductions.

S. 259

At the request of Mr. GOLDWATER, the Senator from Nevada (Mr. CANNON), and the Senator from Missouri (Mr. DANFORTH) were added as cosponsors of S. 259, a bill to repeal the earnings ceiling of the Social Security Act for all beneficiaries age 65 and older.

S. 468

At the request of Mr. SARBANES, his name was added as a cosponsor of S. 468, a bill to amend title 38, United States Code, to expand the eligibility of former prisoners of war for certain health-care benefits provided by the Veterans' Administration, and for other purposes.

S. 496

At the request of Mr. MELCHER, the Senator from Alabama (Mr. HEFLIN), the Senator from Texas (Mr. TOWER), and the Senator from South Dakota (Mr. ABDNOR) were added as cosponsors of S. 496, a bill to amend the Federal Mine Safety and Health Act of 1977.

S. 561

At the request of Mr. CRANSTON, the Senator from Connecticut (Mr. WEICKER) was added as a cosponsor of S. 561, a bill to extend the authorizations of the appropriations for programs under the Child Abuse Prevention and Treatment Act and the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978, and for other purposes.

S. 569

At the request of Mr. JEPSEN, the Senator from North Dakota (Mr. BURDICK), the Senator from Idaho (Mr. MCCLURE), the Senator from North Carolina (Mr. HELMS), and the Senator from Illinois (Mr. DIXON) were added as cosponsors of S. 569, a bill to amend the Internal Revenue Code of 1954 to provide an investment tax credit for certain soil and water conservation expenditures.

S. 597

At the request of Mr. JEPSEN, the Senator from Missouri (Mr. DANFORTH) was added as a cosponsor of S. 597, a bill to eliminate the position of elevator operator in the Senate office buildings.

S. 606

At the request of Mr. DOMENICI, the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 606, a bill to establish in the Department of State a Bureau of North American Affairs, and for other purposes.

S. 664

At the request of Mr. CHILES, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 664, a bill to amend section 481(d) of the Foreign Assistance Act of 1961.

S. 725

At the request of Mr. WALLOP, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 725, a bill to amend the Internal Revenue Code of 1954 with respect to the treatment of certain shale property for the purposes of the energy investment credit.

S. 734

At the request of Mr. HEINZ, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 734, an original bill to encourage exports by facilitating the formation and operation of export trading companies, export trade associations, and the expansion of export trade services generally.

S. 763

At the request of Mr. MCCLURE, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 763, a bill to authorize and direct the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands that were withdrawn or acquired for the purposes of relocating a portion of the city of American Falls out of the area flooded by the American Falls Reservoir.

S. 764

At the request of Mr. MCCLURE, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 764, a bill to provide for protection of the John Sack Cabin Tarshee National Forest in the State of Idaho.

S. 811

At the request of Mr. DOLE, the Senator from Illinois (Mr. PERCY), and the Senator from Kansas (Mrs. KASSEBAUM) were added as cosponsors of S. 811, a bill to amend the Powerplant and Industrial Fuel Act of 1978 to permit local distribution companies to continue natural gas service to residential customers for outdoor lighting fixtures for which natural gas was provided on the date of enactment of such act, and for other purposes.

S. 872

At the request of Mr. CHAFEE, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 872, a bill to amend title 38, United States Code, to extend the period of Vietnam era veterans' eligibility for readjustment counseling and related mental health services.

S. 878

At the request of Mr. CANNON, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 878, a bill to amend the Internal Revenue Code of 1954 to provide an investment tax credit for the installation of certain fire-prevention equipment.

S. 1030

At the request of Mr. MCCLURE, the Senator from Iowa (Mr. JEPSEN), the Senator from North Carolina (Mr. EAST), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Nebraska (Mr. EXON) were added as cosponsors of S. 1030, a bill to protect firearms owners constitutional rights, civil liberties and rights to privacy.

S. 1095

At the request of Mr. ABDNOR, the Senator from Texas (Mr. BENTSEN), and the Senator from Vermont (Mr. STAFFORD) were added as cosponsors of S. 1095, a bill to amend the Water Resources Planing Act.

S. 1165

At the request of Mr. WEICKER, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of S. 1165, a bill to reauthorize the low-income energy assistance program, and for other purposes.

S. 1189

At the request of Mr. HEINZ, the Senator from Pennsylvania (Mr. SPECTER) was added as a cosponsor of S. 1189, a bill to amend the Social Security Act to provide for a program of block grants for energy and emergency assistance, to establish a trust fund to which receipts from the windfall profit tax may be transferred to pay for such program, and for other purposes.

S. 1215

At the request of Mr. KASTEN, the Senator from Missouri (Mr. DANFORTH) was added as a cosponsor of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademarked malt beverage products are lawful under the antitrust laws.

S. 1223

At the request of Mr. DOMENICI, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 1223, a bill to amend the Equal Access to Justice Act.

SENATE JOINT RESOLUTION 12

At the request of Mr. INOUYE, the Senator from Florida (Mr. CHILES) was added as a cosponsor of Senate Joint Resolution 12, a joint resolution to authorize and request the President to designate November 14 of each year as "Operating Room Nurses Day."

SENATE JOINT RESOLUTION 29

At the request of Mr. HEINZ, the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of Senate Joint Resolution 29, a joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning with the first Sunday in June of each year as "National Garden Week."

SENATE JOINT RESOLUTION 53

At the request of Mrs. KASSEBAUM, the Senator from Minnesota (Mr. BOSCHWITZ), and the Senator from Arkansas (Mr. PRYOR) were added as cosponsors of Senate Joint Resolution 53, a joint resolution to provide for the designation of September 6, 1981, as "Working Mothers' Day."

SENATE JOINT RESOLUTION 73

At the request of Mr. GLENN, the Sentor from Michigan (Mr. LEVIN), the Senator from Kentucky (Mr. FORD), the Senator from North Carolina (Mr. EAST), the Senator from Washington (Mr. GORTON), the Senator from North Carolina (Mr. HELMS), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of Senate Joint Resolution 73, a joint resolution to designate the week beginning June 1, 1981, and ending June 7, 1981, as "Management Week in America."

SENATE CONCURRENT RESOLUTION 13

At the request of Mr. DOMENICI, the Senator from Washington (Mr. GORTON) was added as a cosponsor of Senate Concurrent Resolution 13, a concurrent resolution expressing the sense of the Con-

gress with respect to an international agreement establishing a North American Commission for Cooperation and Development.

SENATE RESOLUTION 111

At the request of Mr. LEAHY, the Senator from Maine (Mr. MITCHELL), the Senator from Arizona (Mr. DECONCINI), and the Senator from Nebraska (Mr. ZORINSKY) were added as cosponsors of Senate Resolution 111, a resolution entitled "The Infant Nutrition Resolution."

SENATE RESOLUTION 139

At the request of Mr. ANDREWS, the Senator from Missouri (Mr. EAGLETON) was added as a cosponsor of Senate Resolution 139, a resolution to assure the access of farmer-owned refining businesses to crude oil at reasonable prices.

AMENDMENT NO. 42

At the request of Mr. CRANSTON, the Senator from Tennessee (Mr. SASSER) was added as a cosponsor of amendment No. 42 intended to be proposed to S. 636, a bill to clarify the Veterans' Administration's authority to recover certain health-care costs; to extend the period of availability of funds committed under the Veterans' Administration program of assistance to new State medical schools, to authorize expansion of the scope of and epidemiological study regarding veterans exposed to agent orange, and for other purposes.

SENATE RESOLUTION 142—RESOLUTION TO REFER THE BILL S. 1227 TO THE COURT OF CLAIMS

Mr. HUDDLESTON (for himself and Mr. FORD) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 142

Resolved, That the bill (S. 1227) entitled "A bill for the relief of the grantors of certain land in Henderson, Union, and Webster Counties, Kentucky, to the United States, and their heirs" now pending in the Senate, together with all the accompanying papers, is referred to the Chief Commissioner of the United States Court of Claims. The Chief Commissioner shall proceed according to the provisions of sections 1492 and 2509 of title 28, United States Code, and report back to the Senate, at the earliest practicable date, giving such findings of fact and conclusions that are sufficient to inform the Congress of the amount, if any, legally or equitably due from the United States to the claimants individually.

(The remarks of Mr. HUDDLESTON referring to this resolution are contained in his statement on the bill S. 1277.)

AMENDMENTS SUBMITTED FOR PRINTING

SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS

AMENDMENT NO. 56

(Ordered to be printed and to lie on the table.)

Mr. WARNER (for himself, Mr. NUNN, Mr. TOWER, Mr. HOLLINGS, Mr. THURMOND, Mr. CANNON, Mr. HEFLIN, Mr. ARMSTRONG, Mr. EXON, Mr. GOLDWATER, Mr. DENTON, and Mr. JOHNSTON) submitted an amendment intended to be proposed by them to the bill (H.R. 3512) making supplemental and further continuing appropriations for the fiscal year ending September 30, 1981, rescinding certain budget authority, and for other purposes.

NOTICES OF HEARINGS

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, I would like to announce a hearing on the nomination of Fred J. Villella to be the Association Director of the Federal Emergency Management Agency before the Committee on Governmental Affairs on Thursday, May 21, 1981, at 1:30 p.m. in room 3302 of the Dirksen Senate Office Building. For more information you may contact Margaret Hecht at 224-7464.

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public, that the full committee meeting previously scheduled by the Senate Committee on Small Business on May 21, 1981, to consider cost saving legislation pursuant to Senate Concurrent Resolution 9, has been rescheduled for Tuesday, June 2, 1981.

The meeting will convene at 10 a.m. in room 424 of the Russell Senate Office Building. For additional information contact Brian Hartman at 224-5175.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. TOWER. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate today to hear from the National Governors Association on Clean Air.

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

SELECT COMMITTEE OF INDIAN AFFAIRS

Mr. TOWER. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized to meet during the session of the Senate today to consider the final report of the Navajo-Hopi Relocation Commission.

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

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. TOWER. Mr. President, I ask unanimous consent that the Committee on Agriculture, and Forestry be authorized to hold hearings during the session of the Senate on Wednesday, May 20, on the Executive nominations of Phillip Johnson for Commodity Futures Trading Commission and Kenneth Gilles to be Administrator of the Federal Grain Inspection Service.

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

SUBCOMMITTEE ON INVESTIGATIONS

Mr. TOWER. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, May 20, to hold a closed executive business meeting on the approval of the subcommittee's interim report, "Oversight of Labor Department's Investigation of the Teamsters Central States' Pension Fund."

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

SUBCOMMITTEE ON INVESTIGATIONS AND GENERAL OVERSIGHT

Mr. TOWER. Mr. President, I ask unanimous consent that the Subcommittee on Investigations and General Oversight of the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Thursday, May 21, to hold oversight hearings on the national cancer program.

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

SUBCOMMITTEE ON THE SEPARATION OF POWERS

Mr. TOWER. Mr. President, I ask unanimous consent that the Subcommittee on the Separation of Powers of the Committee on the Judiciary be authorized to meet during the session of the Senate today and tomorrow to consider S. 158, the human life bill.

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

COMMITTEE ON FINANCE

Mr. TOWER. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Thursday, May 21, to hold markup hearings on the tax cut legislation.

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

Mr. TOWER. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Wednesday, May 20, to hold markup hearings on the tax cut legislation.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. TOWER. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Thursday, May 21, to conduct a markup on S. 43, the State and Local Government Fiscal Note Act of 1981; S. 266, the Federal Interagency Medical Resources Sharing and Coordination Act; S. 893, the Reorganization Act of 1981; and S. 807, the Federal Assistance Improvement Act; and also to mark up the consideration of Alex Kozinski to be special counsel to the Merit Systems Protection Board, and to consider the nomination of Fred Villella to be Associate Director of FEMA.

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

Mr. TOWER. Mr. President. I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, May 20, to consider S. 10, a bill to create a commission on more effective government.

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

ADDITIONAL STATEMENTS

THE PLO IS A TERRORIST ORGANIZATION

o Mr. BOSCHWITZ. Mr. President, in a recent speech, our distinguished colleague from Iowa (Mr. JEPSEN) very eloquently took issue with those who try to put the gloss on the PLO's involvement in international terrorism. Some people in the executive branch have been fond of a formula which says that the PLO is an organization, elements of which support terrorism. Mr. President, this strikes me as trying to pretend that General Motors is not an automobile manufacturer because the actual work of manufacturing is done in the divisions such as Chevrolet or Buick.

Senator JEPSEN put in very well in a speech in which he said:

Whatever else it is, whatever else it may become, the PLO is and always has been a terrorist organization. To object on the grounds that the PLO also does other things is fuzzy thinking.

A habitual murderer spends only a small part of his life killing innocent people. But because he has committed such heinous acts, he deserves the label of murderer. He deserves to be condemned. He should not be passively accepted. The same applies to the PLO.

In his speech, to the annual meeting of the American-Israel Public Affairs Committee, Senator JEPSEN also sharply criticized the alleged assurances that the United States need not worry too much about the proposed sale of AWACS to Saudi Arabia. "Faith alone is not enough," he said. I ask that the text of his remarks be printed in the RECORD.

The remarks follow:

SPEECH BY SENATOR ROGER W. JEPSEN

I have been introduced as a friend of Israel. My past voting record shows that, and my record in years to come will show that. I say this with certainty tonight because my reasons for supporting Israel are deeply felt.

I support Israel because it is in my country's best interest to do so. Israel has been, and must continue to be, the strategic-military cornerstone of American foreign policy in the Middle East.

I support Israel because Israel upholds the values of a democratic and open society. Societies which support such values deserve our support.

I support Israel as a secure haven for persecuted Jews.

And I support Israel because I am a Christian.

You are all familiar with the arguments for supporting Israel because she is a democracy, and because it is in America's best interest to do so, so I will not belabor these points. I know, however, from conversations with many active supporters of Israel, that the compelling reasons for evangelical and fundamentalist Christian support of Israel are less clear. I would like to take a few minutes here to discuss the relationship between many Christian believers and the State of Israel.

In the past few years, the growing numbers and religious fervor of fundamentalist Christians have swept into the political arena with a zeal to recapture the vision of a "Christian America." Anyone concerned about a pluralistic society, particularly Jews, could well be alarmed about any extremist elements in such a movement. Jewish people have suffered periodically at the hands of misguided Christians in the name of Christianity for over 2,000 years. On a few occasions, the "Christian right" has projected an exclusive emphasis that some Americans fear could create a climate of opinion ultimately hostile to religious tolerance in this country.

However, many Christians, particularly evangelical and fundamentalist Christians, have been among Israel's best friends since its rebirth in 1948. In addition, there has been a growing momentum in the past several years among fundamentalist Christians in support of Israel's right to the land, spiritually, and legally.

Why is that so? Because we believe the Bible is the word of God. We take the promise God made in Genesis 12: 1–3 literally:

"Go forth from your country,
And from your relatives
And from your father's house,
To the land I will show you;
And I will make you a great nation.
And I will bless you,
And I will make your name great;
And so you shall be a blessing;
And I will bless those who bless you,
And the one who curses you I will curse.
And in you all the families of the Earth shall be blessed."

We believe God is making three promises to Abraham that cannot be broken: To make him and his descendants a great nation; to give him and his descendants a special land; and to bless those who bless him and his descendants and curse those who curse him and his descendants.

I believe one of the reasons America has been blessed over the years is because we have been hospitable to those Jews who have sought a home in this country. We have been blessed because we have come to Israel's defense regularly, and we have been blessed because we have recognized Israel's right to the land or to exist on any land.

The problem is, of course, that with the exception of Sadat's Egypt, no Arab State recognizes Israel's right to the land. This refusal has created a continuing struggle. This struggle has taken on the form of war. It has taken on the form of terrorism. It has taken on the form of non-violent political activity.

A part of this struggle will soon be waged in the U.S. Senate. The administration will be asking our approval for an arms sale package to Saudi Arabia. They want to give AWACS to the Saudis. They want to give the Saudis long-range fuel tanks for the F–15s. They want to give the Saudis multiple bomb release racks for their F–15s.

This sale to an unstable country jeopardizes the security of our most advanced technology. In addition, this sale undermines the security of Israel. This sale must be stopped.

If we do our job, this sale will be stopped. I pledge my efforts and my vote to block this sale. Will you pledge your best efforts to see that your Congressmen and Senators vote with me?

You and I have the enthusiasm to succeed.

Let us take some time to look at the facts and the four major arguments involved in debate about the sale:

The stability of Saudi Arabia;

Alternative sources for supplying the F–15s;

The danger to Israel;

And American self-interest.

To begin with, there are the stability arguments. In the broad sense, it is dangerous to give our highest technology weapons to an unstable government. Saudi Arabia is unstable.

First, it has a foreign worker male population that rivals the size of the Saudi male population. These people harbor hostilities to the Saudis because the Saudis treat them like second-class citizens. This is an explosion waiting to happen.

Second, and perhaps even more dangerous to Saudi stability, are the pressures of modernization. The Saudis will be spending $65 billion a year to modernize. In my opinion, this will eventually cause an unbridgeable gap between those who will follow traditionalist religious leaders and those who will want an increasingly modern society. Whether these and other pressures eventually cause the collapse of the Saudi Government remains to be seen. It is difficult to imagine, though, how an objective person looking at the facts would not concede the stability problems the Saudis are now facing.

I have confronted proponents of the sale with these arguments. Some eventually will concede the problem of Saudi instability, but then they will say at the first hint of trouble that the American crew will simply fly the AWACS away or blow them up.

That argument is weak. I remember when all the top intelligence people stood before the Armed Services Committee just weeks before the Shah's demise and assured us that all our sophisticated monitoring equipment in Iran would be removed or destroyed in event of trouble. They were very convincing, but weeks later it was obvious they were gravely wrong.

Like Iran, there will be serious problems with the best of plans to remove or destroy the AWACS in event of internal trouble in Saudi Arabia. Additionally, even in calm times, there is danger of losing one of the aircraft. It is conceivable that an Arab pilot could fly such a plane to Iran or the Soviet Union. Other possibilities currently circulating throughout the defense community are infinitely more complex. Die hard proponents of this sale may say, so what? The Saudis will get the planes and in 5 years, we will have better technology. It won't matter that much if everything goes wrong, and the Russians get them anyway.

Let me dismiss this transfer of technology argument by telling you a World War II story. At the close of World War II, we had a strategic bomber—the B–29. The Soviet Union did not yet have the technology to build one of their own. When we sent our B–29's on a bombing mission in Japan, they were given four options of where to go if they got into trouble. One of these options was Russia.

And four of our planes that were shot went there. The Soviets imprisoned their crews, dismantled the aircraft, and reproduced it nut for nut and bolt for bolt. The Russians' TU–4, which was their strategic bomber from 1948 to the mid-fifties, is an almost exact copy of our B–29. Without our inadvertent help, they would never have had a strategic bomber so soon.

The second group of major arguments surrounding the arms sale to Saudi Arabia revolves around "they-can-get-it-somewhere else" reasoning. We are told that if the Saudis don't get the F–15 equipment, they will go to French Mirages. If they don't get the AWACS, they will go to the British Nimrod. The argument insists that this will deprive us of both the business and the control we would have as a result of selling the planes.

This could be a serious argument—if the Nimrod approached the total tactical value of the AWACs. This could be a serious argument if the mirages had the capabilities of the F–15. In fact, the argument of foreign alternatives does not hold water.

Proponents of the sale build an equally unsubstantial case on the argument that the sale will not really harm Israel's security. This sounds wonderful. So did the U.N. peace force in the Sinai that Nasser ordered out, triggering the 1967 war. So did the assurances that the United States would not sell the Saudis the equipment to enhance the performance of their F–15s.

The argument contends that the Saudis will not be able to use the AWACs to coordinate air attacks against the Israelis in the foreseeable future. After all, say supporters, the AWACs will not be delivered

until 1985, and U.S. crews will be detailed to operate the most critical electronics on board the aircraft until 1990 and probably beyond. Therefore, the U.S. personnel will not permit the aircraft to be used against Israel.

I have no reason to doubt that these pledges are made in good faith, but faith alone is not enough. Where are the hard answers to the questions that these assertions raise?

What happens if there is trouble, as we have recently seen, between Syria and Israel? What guarantees are there that the intelligence gained from the AWACs would not be passed to the Syrians? When the Saudis own the planes, can we dismiss the possibility that they will be able to buy for outrageous prices the people capable of operating the AWACs? If so, what would we do if we were told to leave?

Furthermore, how does the administration explain away the F-15 capabilities? The fuel tank and the bomb rack would clearly give the Saudis the capability to limit the air superiority of the Israelis in any future Arab-Israeli war.

Then there is the "we can't get Saudi Arabia mad" self-interest argument. This is perhaps the most serious argument in favor of the sale. It is perhaps the one you have heard most frequently. I will put it bluntly:

We have vital interests in the Middle East, namely our high dependency on Arab oil. Why should we antagonize Saudi Arabia, our biggest source of foreign oil, for the sake of tiny Isarel? If we push this arms sale through, we could feel more secure about our source of energy. This argument is based on several highly questionable assumptions with which I disagree.

First, there is the assumption that, other than oil, we have no other interests in the Middle East. Haven't the proponents of such arguments heard about the importance of the Suez Canal and the Horn of Africa to our strategic interests?

Haven't the proponents of such arguments ever heard about how our Government benefits from Israeli intelligence? Over the past 30 years, Israel has supplied us with vital intelligence items, including sensational texts like Khrushchev's speech, routine Soviet dates, captured documents, and complete weapon systems, such as tanks and missiles. Israel's contribution has helped us not just develop weapon systems for the present and future; Israel helped us, in fact, to become aware of the magnitude of the Soviet threat.

Second, we assume that Saudi Arabia oil policy has been helpful to the United States. Nothing could be further from the truth to the U.S. Any benefits that have resulted from Saudi policy have been purely coincidental. Make no mistake that when Saudi interest begins to differ from U.S. interest, the oil will be priced and produced to benefits Saudi interest. Recent Saudi efforts at keeping the oil price low have occured only because it is not in the Saudis' interest to drive the price of oil so high that alternative energy production become profitable.

Third is the assumption that this sale will insure a steady flow of oil and likewise, that blocking this sale will threaten such an oil flow.

Let us remember that the Saudis must sell oil. They have made commitments based on oil income and, for that reason, if no other, they will continue production.

In the final analysis, the proposed Saudi arms sale would cost us dearly by unnecessarily risking the security of our highest technology weapons. Moreover, it will unnecessarily harm the security of our only stable and trusted ally in the Middle East—Israel.

And what will we have gained by paying such a price?

Did we condition the sale on Saudi recognition of Israel?

Did we condition this sale on elimination of Saudi Arabia's multimillion dollar subsidy of the PLO?

Did we condition this sale on Saudi support for the Camp David Accord?

Did we condition this sale on the Saudi cancellation of the boycott of Egypt?

In fact, we did not even condition the F-15 sale on Saudi Arabia's cancelling her recently declared holy war against Israel.

When will this folly in the name of misguided self-interest stop? We cannot permit the position of a trusted and stable government like Israel to erode still further through an Arab tile. The United States can and should seek good and close relationships with Arab governments, but such advances must not be made at the expense of Israel's security. Nor should such advances be made at the expense of other overriding interests on the part of the United States.

In closing, let me discuss one of these interests. In both the moral and pragmatic sense, it is in our national interest to stop terrorism. Secretary Haig and President Reagan have made clear the depth of our opposition to international terrorism. They were correct in ordering the overdue expulsion of the Lybian delegation. Such blatant exporters of terrorism have no place in the United States.

But then you ask, why are there PLO offices in the United States? This is something I have asked too. I have been told that these offices are not engaged in terrorist activity so they cannot legally be expelled. I say that if the law does not permit the expulsion of aliens who choose to work for a terrorist organization, then we should think about changing the law.

The presence of PLO aliens in this country serves to legitimize the terror they practice. Whatever else it is, whatever else it may become, the PLO is and has always been a terrorist organization. To object on the grounds that the PLO also does other things is fuzzy thinking.

A habitual murderer spends only a small part of his life killing innocent people. But because he has committed such heinous acts, he deserves the label of murderer. He deserves to be condemned. He should not be passively accepted. The same applies to the PLO. Until they renounce the use of terror, PLO members collectively deserve the name of terrorists. They collectively deserve to be condemned. Until they renounce the use of terror, the PLO should not be permitted to operate in the United States.

I have talked tonight about many things in which I—and in which you—deeply believe.

You and I came here tonight because we are dedicated to seeing our beliefs—our dreams—our hopes—fulfilled.

May the God of Abraham, to whom we both pray, who gave you the promise of a land, give us both the grace to see that day of fulfillment.

Shalom.●

MINORITY VIEWS ON S. 1199, THE AMTRAK IMPROVEMENT ACT OF 1981

Mr. CANNON. Mr. President, recently, the Commerce Committee reported S. 1199, the Amtrak Improvement Act of 1981. Senator RIEGLE, EXON, and myself submitted dissenting views in opposition to this legislation, which have been made part of the report on S. 1199 (Rept. No. 97-96).

We have serious questions about overall soundness of this legislation and its detrimental impact on our national rail passenger network. We continue to refine the information available to us in an effort to find an adequate and appropriate resolution to this important issue of Amtrak.

In order to insure that our colleagues are aware of the seriousness of our concerns, I ask that the full text of our minority views be printed in the RECORD.

The minority views follow:

MINORITY VIEWS

We oppose the Amtrak legislation as reported by the Committee. We strongly believe that the potentially devastating impacts of the legislation are not fully understood and that many crucial questions remain unanswered. Furthermore, we question the soundness of legislation which would seriously erode the national rail passenger system as an integral part of our transportation network which should serve the needs of all parts of the country. We urge our colleagues not to forget their responsibility and commitment to meeting our national transportation needs.

Turning first to the findings and purpose of this legislation, we are disturbed that the references in current law to the need for a national rail passenger system, particularly in time of national emergency or energy shortage, have been deleted. We no longer are assured of rail passenger service responsive to our national transportation and energy needs.

We question the basis for the judgment that a national rail passenger system is no longer needed or justified. When Amtrak was formed under the Rail Passenger Service Act of 1970, a decision was made that such a system was to be preserved. During the 96th Congress, this Committee carefully reevaluated Amtrak and its route structure, and with the passage of the Amtrak Reorganization Act of 1979, the Committee and Congress reaffirmed their commitment to a national rail passenger system as a fuel efficient form of transportation.

It is not clear that the reasons for such reaffirmation are no longer valid. Many would argue that passenger trains cannot be justified based on energy efficiency, since they are not the most fuel efficient mode based on current load factors. While they may not be as energy efficient as the intercity buses, they clearly provide an alternative mode which is more efficient than airplanes or automobiles under certain circumstances. Simply stated, passenger trains do contribute to the Nation's energy goals. Furthermore, they form an integral part of our transportation network, making important connections with many of the intercity bus lines.

The supporters of this legislation argue that its impact would not be so detrimental and that a limited national system could be provided. We seriously question this conclusion.

The legislation authorized $613 million for fiscal year 1982 and an even lower amount for fiscal year 1983. These figures represent a significant reduction in Amtrak's budget and would clearly represent a reduction in its service.

Amtrak has stated that it could only operate service in the Northeast Corridor (NEC) with a funding level of $613 million. As part of this determination, it concluded that in view of the service reductions necessitated by this funding level, it would be required to pay $200 million in labor protection payments pursuant to current law. This figure represents almost one-third of the total authorization level.

The Department of Transportation (DOT), on the other hand, asserts that Amtrak would be able to provide $150 million worth of service outside the Northeast Corridor at the $613 million level. DOT disagrees with Am-

trak's determination regarding the losses associated with operating the Corridor, believing that Amtrak has overstated the fixed costs and understated the amount of revenues which could be generated from increased fares.

Below is a chart comparing these two very different approaches:

COMPARISON OF DOT AND AMTRAK ESTIMATES

[In millions of dollars]

	Estimated fiscal year 1982 cost		
	Amtrak	DOT	Difference
Capital	136	100	−36
Interest and taxes	0	80	+80
NEC operation	252	150	−102
Beyond NEC operation	0	150	+150
Labor protection	200	125	−75
System shutdown	25	10	−15
Total	613	615	+2

Both the General Accounting Office and the Congressional Budget Office have been conducting independent analyses of the $613 million figure and the different conclusions reached by Amtrak and DOT. While neither has reached a final conclusion as to the validity of the two approaches, both agree that the major area of dispute exists with respect to the costs of the Northeast Corridor: labor protection and shut-down costs depend upon the level of service provided outside the Corridor.

Furthermore, each has raised questions about the approaches and has emphasized the many variables which must be quantified. We still are not certain how much service could be provided with $613 million, but it clearly appears that service outside the Corridor would be limited.

Minority staff also has conducted a review of the $613 million. The following chart sets forth Amtrak's and DOT's figures, with a reconciliation column representing composite figures:

COMPARISON OF DOT AND AMTRAK ESTIMATES

	Amtrak	DOT	Reconciliation
Capital	136	100	[1] 106
Interest and taxes	0	80	[2] 82
Northeast Corridor operation	252	150	230
System shutdown	25	10	[3] 20
Total	413	340	438
Labor protection	200	125	[3] 177
Operations outside NEC	0	150	0
Total	613	615	615

[1] $30,000,000 is to be reprogramed to complete Amtrak's purchase of the Northeast Corridor.

[2] Amtrak and DOT agree on the amount of interest; they differ on its treatment. Amtrak has asked that it be relieved of the interest, but the legislation reported herein does not do so.

[3] DOT has not expressed disagreement with Amtrak's calculation of its labor protection and shutdown costs. The different estimates arise from the different views with respect to how much money would be available for service outside the Northeast Corridor.

In reviewing this chart, one can see that approximately $180 million would be available out of the $613 milion for either labor protection or service outside the Northeast Corridor.

This figure corresponds to the $200 million figure which Amtrak claims would be needed to cover labor protection and the $275 million which DOT claims would cover both $125 million for labor protection and $150 million worth of service outside the Corridor. We still have no assurance that this remaining $180 million would not be consumed by labor protection.

The Administration and the supporters of this legislation argue that the new labor protection provisions included in this legislation would save Amtrak an additional $75 million in labor payments, providing more money for service outside the Northeast Corridor.

However, we cannot be certain of this figure. Under the legislation, Amtrak is given the option to choose between this program and the current contractual obligations negotiated between Amtrak and labor. Serious questions have been raised with respect to the legality of Amtrak's authority to renege on these contractual obligations.

Thus, Amtrak might have no choice at all, and the cited savings would not be realized. In addition, even if Amtrak were able to implement the proposed labor protection provisions, there is real concern that the Administration's estimated costs may be understated. The labor protection payments could thus remain formidable, with little service operated outside the Corridor.

The $613 million figure must also be compared with the $853 million which Amtrak has stated that it needs to operate essentially the existing system. This level represents a reduciton from Amtrak's earlier request of $970 million and assumes $117 million in savings from productivity and fare increases. However, it does not include $82 million in interests payments, which Amtrak is requesting be excused. The $613 million in the reported legislation does not assume relief from such payments, and thus Amtrak would be required to take this additional $82 million out of its authorized funds to meet these required interest payments.

While no one can be absolutely certain what service the $613 million would cover, this comparison further highlights that the system would be significantly reduced at this funding level.

We question the wisdom of this drastic reduction. While some reductions might be in order—and Amtrak plans certain reductions next year even with its own budget request—the legislation could seriously jeopardize the Federal dollar investment in Amtrak. Service essentially in the Northeast Corridor would preclude the use of 284 Superliners, purchased with taxpayers' money at a cost of $300 million to improve service in the West.

Furthermore, because of the reduction in passenger miles served under the reduced funding level, Amtrak points out that the return in passenger miles on each Federal dollar would be one-third of what it would be at the level which Amtrak has requested.

Finally, Amtrak predicts that its revenue-to-cost ratio would slip from 41 percent, which it achieved during fiscal year 1980, to 37 percent by fiscal year 1982. Because of the reduced funding level, Amtrak is quite adamant that it can only improve its revenue-to-cost ratio if given adequate funds at this time to operate a system more national in scope than this bill would permit.

The legislation, however, mandates that Amtrak achieve a 50 percent ratio, which we seriously doubt can be achieved. With a reduced system, Amtrak would no longer be serving the national transportation interest and would not be ensuring a sound investment of the Federal dollar.

Furthermore, we cannot overlook the improvements which Amtrak has made since Congress last reviewed this issue. The Amtrak Reorganization Act of 1979 established certain performance goals to be met by Amtrak. Specifically, that Act established that Amtrak should recover 44 percent of its operating expenses from the fare box by the end of fiscal year 1982.

During fiscal year 1980, Amtrak achieved 41 percent, an improvement of 2 percent over 1979. Amtrak increased revenues by 23 percent during fiscal year 1980, raising fares 17 percent during this period. We question the soundness of a reduction in the Amtrak system which would negate this progress, which Congress itself has encouraged.

The legislation reported herein mandates that Amtrak take certain steps to reduce its Federal subsidies through increased revenues and management and labor productivity, and also provides the opportunity for Amtrak to pursue certain cost-savings measures. We applaud these directives and join in urging Amtrak to realize the necessary savings. In this regard, we are heartened by Amtrak's recent communication to Congress, dated April 27, 1981, setting forth a proposal to eliminate all Federal subsidy of avoidable operating costs by the end of 1985, based on achieving savings of $167 million through a judgment of route profitability. This proposal emphasizes the fact that we must pursue all alternatives for reducing the Federal subsidies to Amtrak. A drastic budget reduction, with a resulting elimination of our national rail passenger system, may not be the only way. We strongly urge a re-examination of the legislation in this light.

The outstanding questions presented to us by this legislation are most unsettling. What remains clear, however, is that it represents a shift in our national transportation commitment. We are not certain that such a shift is justified. While we support a reduction in Federal expenditures where appropriate, we urge a careful reconsideration of this legislation and will continue to pursue alternatives to ensure that the transportation needs of all parts of the country are met.

HOWARD W. CANNON,
DONALD W. RIEGLE, JR.,
J. JAMES EXON.●

SENATOR JEPSEN ON SAUDI ARMS

● Mrs. HAWKINS. Mr. President, my colleague and friend from the great State of Iowa, Senator JEPSEN, has recently expressed his concern over the sale of F–15 enhancement equipment to Saudi Arabia. He has rightly observed that the Saudi's have opposed U.S. moves for peace and stability in the region. He has also rightly observed that the Carter administration promised Israel that the sale of F–15 enhancement equipment was not anticipated, contrary to recent reports. And finally, the Senator from Iowa has rightly observed that the sale of military hardware is not in this country's best interest. Mr. President, I submit for the RECORD a newspaper article from the Des Moines Register in which Senator JEPSEN makes his keen observations.

The article follows:

JEPSEN RIGHT ON SAUDI ARMS

Senator Roger Jepsen (Rep., Ia.) fired several well-aimed blasts last week at the administration's plans to sell advanced military air power to Saudi Arabia. We hope he succeeds in shooting those plans out of the sky.

In February, the administration announced its intention to sell the Saudis attachable fuel tanks and enhanced air-to-air missiles for 62 F–15 jet fighters already on order. Now, a tentative decision reportedly has been made to sell the Saudis five AWACS electronic surveillance planes and seven KC–135 aerial tankers.

In the Middle East, Secretary of State Alexander Haig is reported to have told the Israelis that, in its closing weeks in office, the Carter administration promised the equipment to the Saudis. If such a promise were made, it was a double-cross. As Jepsen pointed out in the Senate debate last week, the Carter administration promised the Israelis, when the original sale of F–15s was approved in 1978, that no sale of offensive

equipment to Saudi Arabia would be contemplated.

"This understanding was made public, and congressional approval of the sale was contingent on this understanding," Jepsen said.

Jepsen also pointed out that the Saudis have opposed U.S. diplomatic and military initiatives in the Persian Gulf. He added that "we face a danger of having any advanced equipment that we sell them fall into unfriendly hands, as happened with the F-14s in Iran."

Jepsen's fears of "the growing threat of Soviet incursions into the Middle East" may be excessive. There, as elsewhere, Soviet diplomacy has been clumsy. Nevertheless, the Iowan was on target when he said that supplying more military hardware to Saudi Arabia "is not in either the short- or long-term interests of the United States."●

COLORADO'S CAUCUS SYSTEM: A NATIONWIDE REFORM?

● Mr. HART. Mr. President, one of the most precious elements of the heritage we pass on to future generations of Americans is an electoral process which encourages the full participation and active involvement of our citizens in the creation of good, responsive government.

In Colorado, we have a particularly responsive nominating system. I would like to share with my colleagues an article describing it by Mr. Harold Knight of Denver, a politically astute columnist and long-time observer of the Colorado electoral process. In the article, "Colorado Caucus System: A Nationwide Reform," the Denver Post, May 3, 1981. Mr. Knight outlines the system by which Coloradans begin at the grassroots level of precinct caucuses to elect delegates to county and State conventions and play an active role in the selection of qualified leadership for every level of public office. He calls for the adoption of the Colorado system as a way to elect Presidential nominees.

Mr. President, in the 1980 elections only 52.9 percent of eligible Americans turned out to exercise their right to vote. But 85 percent of Coloradans went to the polls and helped to shape the government which will lead our Nation in the last two critical decades of the 20th century.

I ask consent that Mr. Knight's article be printed in the RECORD.

The article follows:

COLORADO'S CAUCUS SYSTEM: A NATIONWIDE REFORM?

(By Harold V. Knight)

With the 1980 presidential campaign barely behind, committees have been formed to promote the 1984 presidential aspirations of Edward Kennedy and Walter Mondale. Before other candidates emerge and the process is locked in place once again, political leaders should review the process by which the 1980 candidates were selected and consider a possible alternative.

Many have criticized that process and have offered a diverse array of changes. They all seem to agree, however, that the presidential campaign was too long and too costly, while the winning candidates of both major parties were decided very early in 1980 by the Iowa caucuses and the primaries in New Hampshire and other early-primary states.

Let's have fewer primaries; let's have regional primaries; let's return to the caucus-convention system; let's give elected officials a bigger voice in party affairs—these and other reform proposals are heard. Each has its strengths and its weaknesses.

As in Elbert Hubbard's classic "Acres of Diamonds," Coloradans may find the best reform in their own back yard. I suggest, of course, the Colorado system of precinct caucuses choosing delegates to county and state assemblies and conventions at which candidates receiving 20 percent or more of the votes appear on the primary ballot. A candidate may also get on the ballot by petition, as Mary Estill Buchanan did in her almost-successful race for the U.S. Senate.

We are so accustomed to this process we may fail to recognize its effects if applied nationally. It combines the best—and perhaps the worst—features of the caucus-convention and the direct primary systems.

Before examining the potential of applying the Colorado plan nationally, it would be well to lay to rest the first objection which will be raised—namely that the states would not agree on common dates for caucuses and primaries. New Hampshire would still finagle to be first, and Iowa would still hold its precinct caucuses in January. States clearly have power to set their own procedures and dates for election of state and local officials.

Congress, however, equally clearly has authority to establish the procedure and date for the election of the president and vice president, or more technically for presidential electors.

For many years Maine held its general state election in September—a relic of the early days when November snows might hamper the turnout of voters. Yet Maine held its presidential election on the first Tuesday after the first Monday in November, the same as the rest of the country. Its earlier state election is the origin of the old adage, often wrong, "as goes Maine, so goes the nation."

The U.S. Constitution requires the election of presidential electors on a single day to be set by Congress, but it is silent on how they are to be selected. The recent election-reform laws spell out in detail how and when presidential candidates and parties qualify for federal campaign funds and give limits on other funds. Setting a common caucus date and a common presidential primary date appears within the power of Congress, particularly if purse strings are attached.

More important than the technical aspect, however, are questions of how the Colorado plan affects the electoral process: Do caucuses provide more democratic participation or do they lend themselves to machine organization or boss rule? Are conventions where 20 percent of the delegates designate a candidate for the primary ballot better than those which actually nominate candidates? Should primaries exclude unaffiliated voters?

For many years Colorado precinct causes were poorly attended—often only by those interested in being named to county assemblies and conventions. (The former deal with state offices, the latter with presidential delegates.) My wife tells the story of how when she first became interested in the political process she used the civic textbook approach. She went to the home of the precinct committeewoman, who was sitting on the front porch. Instead of being invited in, she was asked why she was there. Many are the stories which can be told of how precinct caucuses have been manipulated to discourage voter participation.

Beginning with the 1968 campaign between Eugene McCarthy and Hubert Humphrey, organized groups of Democratic voters showed up at the caucuses. That trend continued in the 1972 campaign of George McGovern and in 1976 when Jimmy Carter was only one of several contenders. A similar increase in participation occurred in Republican caucuses, abetted by the state law setting a uniform date and hour for all precincts and requiring conspicuous posting of the location of the meetings.

The changes, plus national party rule changes giving candidate supporters a proportional share of delegates, have encouraged party activism. Even though only a small percentage of registered voters show up at precinct caucuses, this is not necessarily negative. At a time when more voters are unaffiliated and party responsibility diluted, any method of restoring the traditional two-party system should be welcomed.

Other state caucus systems vary.

Some are countywide in a town-meeting style or a polling-place style. It would not be necessary for a uniform type of precinct caucus to be imposed nationally. Yet some method of setting the time frame for caucuses and subsequent county and state conventions is needed.

National party rules could solve this problem, but the federal government could encourage a more uniform time frame. For example, a candidate meeting certain qualifications might be offered a half-hour of prime-time television in April prior to May caucuses. The qualification might be securing a reasonable number of signatures in a reasonable number of states.

Obviously, potential candidates would begin early to set up organizations in various states. But they could not use the town-to-town caravan approach so exhausting to candidates and citizens alike in the early primary states. This is the big objection to regional primaries of a single national primary.

Under the Colorado plan, moreover, the first objective of a candidate is not a winner-take-all approach but to get the necessary 20 percent delegate vote at a national party convention to get on the primary ballot.

Early in 1980, 10 or more Republicans announced or seemed as if they were going to announce as candidates for the U.S. Senate seat held by Gary Hart. By the time for the May caucuses, half of them had dropped out.

The same winnowing process would take place among presidential aspirants. One would soon find out whether he or she could put together the organizational support in enough states to make a serious bid for nomination.

Perhaps aspiring politicians would begin their organizing efforts as early as some did in the 1980 campaign—which was in 1979. But the efforts would be low-key instead of the frenetic pace followed day after day by candidates and their media entourage.

One way to kick off the presidential campaign might be with broadcasts of political speeches or panel discussions fairly early, perhaps in April.

Half-hour segments, rather than the present last-mintue stiff "debates," in a panel or speech format would allow the public to see a more clear and accurate portrayal of a candidate than present formats permit.

Certainly other media appearances shouldn't be prohibited, but the early presentation of candidates is important enough to merit the serious consideration of Congress for federal funding.

Labor Day is considered the traditional start of the campaign between Republican and Democratic presidential candidates, although this tradition was more ignored than observed in 1980. Nonetheless the two months between an early September national primary and the November election is as long, if not a longer campaign than in any of the parliamentary democracies.

In Colorado we hear the criticism that the short span does not give time enough for intraparty wounds to heal. Rather than justifying this posture, the Buchanan campaign, if anything, disproved its validity. Mrs. Buchanan mustered the united support of her party organization in spite of the attempt to keep her off the primary ballot.

With the electronic media dominating presidential campaigning increasingly, the national campaign span should be shorter. What face-to-face contract with voters there is usually comes in airports. Campaigning in four or five states a day was the rule rather than the exception in 1976 and 1980.

Shorter campaigns would help candidates to present their best, while increasing, one would hope, the sustained interest of potential voters. Perhaps candidates then would really clarify the issues rather than become repetitive over week after week.

Mail solicitation of funds may be expected to continue to grow in this computerized age. This may be a problem in reducing the time span of presidential campaigns. Yet with the substantial funding of campaigns from the federal treasury via the $1 income-tax checkoff, Congress could attach strings as to what and how much a candidate could spend prior to qualifying for federal funds.

National conventions of both parties, composed of delegates elected at state conventions, would still be held in mid-summer.

Since the delegates had survived caucus, county and state convention selection, most probably would be committed to specific candidates. The hoopla and excitement which attends the national conventions need not be diminished.

Selection of vice presidential candidates might pose a problem, as has picking candidates for lieutenant governor of Colorado. Some attribute the defeat of Mark Hogan by Gov. John Love, partially at least, to the fact Hogan openly favored Rep. Charles Grant for his running mate. Gov. Richard Lamm avoided that pitfall but was less than happy with former Lt. Gov. George Brown during his first term.

On the national scene one possibility could be that a candidate showing a strong lead might persuade one with lesser support to withdraw and become a vice presidential candidate. A lot can happen overnight at a national convention.

Would the Colorado plan applied nationally have made any difference in the 1980 election? Any answer must be pure speculation. Jimmy Carter would undoubtedly have had a Democratic primary contest with Ted Kennedy. Ronald Reagan and George Bush might have faced each other in the Republican primary or a third candidate also might have topped the 20 percent threshold.

Even though the result might have been the same, the Colorado plan would have given millions of more citizens a sense of participation in the selection process.

For the unaffiliated voters who would say they were left out of the caucuses and primaries, the answer would be to enable them to declare party affiliation at a caucus or primary polling place. Apathy, whether using the name of independence or not, is a far greater threat to our democracy than control by partisan activists.●

THE STRIKE IN BERMUDA

● Mr. INOUYE. Mr. President, as a Senator from the State of Hawaii, a major visitor destination, and as one who has been involved in the promotion of national tourism for the last several years, I would like to commend the people and the Government of the Island of Bermuda for the judicious and temperate way they handled their recent strike. I am not familiar with the pros and cons of the strike, but because Bermuda is an island of only 21 square miles with tourism as the dominant base of its economy, I believe it was necessary for both sides to act prudently during the strike. I was pleased to note that during the 10 days of the strike there was no violence and no rioting. I am certain that both sides understood that should the strike result in serious upheavals, the tourism based economy could have been damaged irreparably. The matter was resolved and it should please us that our neighbors, the people of Bermuda, have reached a state of maturity in labor relations that we could emulate.●

THE CRAFTS OF TERRORISM

● Mr. GOLDWATER. Mr. President, I commend to the attention of my colleagues a column that exposes as spurious the charges by Sol Landau of the Institute for Policy Studies that the United States through the Central Intelligence Agency had trained friendly intelligence services to become "leading practitioners of terrorism." These false charges are exploded in a column headed "The Terrorism 'Report' That Didn't Exist" written by Francis J. McNamara, former staff director of the House Un-American Committee. Mr. McNamara's column on May 14, 1981 in the Washington Post refuted Mr. Landau's column which appeared in the same newspaper in March. Wittingly or not, the accusations against the CIA amounted to disinformation. I ask that the column by Mr. McNamara be printed in the RECORD.

The column follows:

THE TERRORISM 'REPORT' THAT DIDN'T EXIST

(By Francis J. McNamara)

Saul Landau of the Institute for Policy Studies claimed ("Perspectives," March 26) that in 1930 a "Senate Select Committee to Study Govermental Operations with Respect to International Activity" had published a report about "myriad illegal and violent activities" carried out in this country, with the concurrence of the U.S. government, by foreign intelligence agencies. He further stated that the Senate report indicated that some of these agencies, which the United States had helped create through the CIA, were "leading practitioners of terrorism."

Landau's assertion of the existence and content of this official government document was designed to lend credibility to the central theme of his column—namely, that the priority given to combating international terrorism by the Reagan administration could be a "double-edged sword" because the United States, in the name of national security, had itself promoted international terrorism.

Checks with the Senate reveal that no report of the type he described was published in 1980 and no committee with the name he gave existed. The official evidence cited as supporting his thesis is thus nonexistent.

The facts are as follows: In a project not formally considered or approved by the Senate Foreign Relations Committee (though Chairman John Sparkman gave Sen. George McGovern approval for it), two staffers, Michael Glennon and John Ritch, interviewed persons unknown about activities of foreign intelligence agencies in the United States. No hearings were held; no one was interrogated under oath, though the interviews were recorded. In January 1979 Glennon alone drafted a document, based on the interviews, that was not intended for publication, purporting to relate the operations of certain foreign intelligence services in this country. Later, while at the State Department for "clearance and correction," according to Ritch, it was leaked. The Post, on Aug. 9, 1979, made its contents the major page-one story and, before and after that date, published at least eight Jack Anderson columns based on it.

Saul Landau on April 2 told me he had seen a copy of the "full" report before an abridged version was published in 1980 with, he claimed, the "best parts" left out. This time he had a new name for the committee involved—the subcommittee to investigate the acts of foreign intelligence services in the United States. According to Senate officials, no such committee existed in 1980. Landau also told me the committee had held hearings in 1979, which it had not, and that the "facts" in the report had been affirmed by the Justice and State departments. In fact, State Department spokesman Tom Reston emphasized on Aug. 9 that the document was merely a "draft," not a "final report," and said "we don't regard the conclusions of this draft report as accurate . . . we have fundamental disagreements with some of the facts and findings . . . we categorically deny that charge," and added that the department deplored the leak and had communicated its disagreements with the report to the Senate committee. Justice Department spokesmen also challenged the report's accuracy.

Later that same day Landau wrote to me that, although he had seen a typeset copy of the report that was "scheduled for publication" (which it was not), he had subsequently discovered that "it was not in fact published . . . for a variety of reasons."

So now we know from Landau himself that the official report that made up his key "evidence" of U.S. support for terrorism was nothing but a draft paper prepared by a Senate staffer, a paper criticized and challenged not only by State and Justice spokesmen, but by then White House spokesman Jody Powell as well.

[Editor's note: Landau says that he learned, from Francis McNamara, only after publication of his Post article that what he had thought was a Senate report on the way to official publication had not in fact been published. He says he stands by the substance of his article.]

Informed Americans are aware that with their, congressional and White House approval, the U.S. military and CIA have provided training for the forces of many other nations in counterinsurgency and guerrilla warfare and in intelligence organization and operations, as is completely proper, to help them defeat revolutionary Marxist movements attemping to impose totalitarian rule on unwilling victims. That, however, is a far cry from training them "in the crafts of terrorism."

When the U.S. Army trained American men for the Rangers in World War II and for the Special Forces in Vietnam, it did not become responsible for the few aberrational and criminal veterans who later used the knowledge and skills thus acquired to kill or maim their fellow citizens. Similarly, the United States is not responsible for—because it cannot control—what any foreign nation does with military forces or intelligence agencies, it has assisted. It incurs no blame if those wielding power should use them for other than legitimate defense purposes.

Thus, even if Landau had produced evidence that some foreign intelligence agencies that had received U.S. help in the past were now actually "leading practitioners of terrorism" (his column contained none), his logic would be completely faulty in blaming this country for this.

The United States, working through the United Nations and bilaterally and multilaterally with many nations, has taken numerous steps to halt the spread of terrorism. Despite these efforts, it has grown alarmingly. Something more must be done.

Landau has in the past espoused positions of Castro who, intelligence services and scholars agree, is one of the world's leading promoters and exporters of terrorism. He is

disturbed by the Reagan policy, which is a threat to the principal weapon Castro has been using in his efforts to take over all of Central America."

The Post should not have lent a hand to his citation of a spurious report to support his anti-U.S. message.●

SENATOR HUDDLESTON ADDRESSES PROBLEMS OF COAL PRODUCTION AND ITS USE

○ Mr. RANDOLPH. Mr. President, on May 11, Senator HUDDLESTON spoke to the American Mining Congress Coal Convention being held in St. Louis, Mo. I believe the remarks of our able colleague from Kentucky highlight the frustration we have experienced but, yet, the positive benefits this Nation can derive from implementation of an aggressive policy favoring coal development.

Senator HUDDLESTON and I have worked together as members of the Coal Commission created by former President Carter to promote direct utilization of coal. We labored on two of the three pieces of legislation which mandate burning coal, rather than oil or gas, under our utility and industrial boilers. We have sought to have the Energy Security Act, which became law in 1980, be known as the first attempt to establish a dynamic synthetic fuels industry in this country since the midforties.

Senator HUDDLESTON emphasizes that we must not, in the 97th Congress, take a step backward again in our commitment to synthetic fuels development, utility or industrial coal conversion, coal research and development, or direct utilization of the coal resource. The funds we appropriate for coal are an investment in our future. They are not a subsidy. In fact, they are of equal importance and analogous to defense spending for purposes of national security. Senator HUDDLESTON and I will continue to pursue this philosophy in legislative efforts this year.

I urge my colleagues to consider the warning contained in the Senator's comments which I ask be printed in the RECORD. If we drastically reduce Government participation in demonstration projects already begun and stop all Department of Energy funding for alternative fuels programs, we again will see history repeat itself. If we had continued Government support in the fifties, initiated a decade earlier, we would have domestic commercial production of synthetic fuels today.

The remarks follows:

REMARKS BY SENATOR WALTER (DEE) HUDDLESTON

President Reagan clearly has a mandate from the American people to change the spending habits of the Federal Government.

Clearly, he intends to carry out that mandate—and I intend to help him whenever I can.

It won't be easy.

Every conversation I've had with my constituents lately seems to begin with "suoport the President's economic package" and end with a plea for special treatment for a program in which they have a particular interest.

Just as everybody wants to go to heaven, but nobody wants to die—everybody wants a balanced budget and economic recovery, but nobody wants to give up their pet program.

I guess we all have our pets.

Mine is domestic energy development.

As long as we have to send close to $100 billion a year overseas for oil, I don't see how we can expect our economy to recover.

As long as energy prices are arbitrarily dictated by OPEC, we don't have a prayer of stopping inflation.

And, I firmly believe that every dollar spent on ending our dependence on foreign oil is just as important to our national security as any tank, missile or bomber we could buy.

History has a way of repeating itself.

Twice in the last seven years, we have suffered oil supply interruptions—resulting in enormous price increases, unemployment, long gas lines, and a litany of other problems.

We would be living in a fool's paradise if we believed it won't happen again. Indeed, the Iran-Iraq conflict need only last a few more months before the impact of that interruption hits home again.

I only pray that we get off as lightly as we have in the past, but realistically I doubt that we will.

A sustained interruption of any magnitude at all could devastate the world economy and possibly lead to military action.

The Reagan administration is looking to the free market system to solve our energy problems.

But the energy market no longer operates according to traditional economic rules, and has not since OPEC first used oil as a weapon in the early 1970's.

The free market doesn't even begin to reflect the extent of inflation, unemployment and national risks which must be factored into the cost of every barrel of imported oil.

How can you equate 100 billion dollars spent in this country for domestic energy supplies to 100 billion dollars thrown down the OPEC rathole to pay our oil bills?

If you consider that portion of the national defense budget we spend for protection of our foreign sources of oil, you could come up with a pretty good subsidy for domestic fuels.

Coal can lead us out of this mess.

But talking about history repeating itself—I fear that is exactly what is happening with synthetic fuels development.

If the priorities outlined by the administration remain unchanged in the energy budget of 1982, we will lose the progress we have made in developing coal's potential.

Our track record is not very impressive.

On April 5, 1944, President Franklin D. Roosevelt signed into law legislation mandating demonstration programs for production of ethanol, methanol and other liquid fuels from coal, agricultural products and oil shale.

By the end of 1944, the United States was producing 600 million gallons of ethanol—100 million more than our recent Department of Energy estimate for 1980.

But with the end of World War II, oil once again became cheap and plentiful—and synfuels development died.

Who can say how different our present situation would be if only the government hadn't abandoned synfuels development in the '40's?

I certainly don't want to be sitting in my rocking chair 20 years from now, shaking my head and saying, "If only we hadn't abandoned our national crash program for synthetic fuels production in the 1980's."

The last three administrations and the Congress worked long and hard to put together a painstakingly negotiated, bipartisan policy of financial assistance to synthetic fuels development.

The forms of Federal assistance we made available, such as loan and price guarantees, were deliberately chosen so as not to be intrusive and, hopefully, so as to cost the government very little in actual dollar outlays.

Federal involvement was designed to be finite.

It was designed simply to shorten the lead time for the development of a viable synfuels industry: to assume unquantifiable risks, and help develop the technologies to the point that the private sector is willing to assume full ownership and control of the industry.

Presumably, the free market system could produce a synfuels industry in time—assuming that oil prices continue to escalate at their present rate and OPEC resists the temptation to undercut a fledgling industry.

But our time ran out with the first Arab oil embargo.

We need a synfuels research and development program within the Department of Energy.

We need a synthetic fuels corporation—with a board of directors, staffed and operational.

Synfuels development is vital to our national security: it is good for our economy, and it is good for coal.

The four synfuels plants planned for western Kentucky alone would create 26,000 construction jobs; 16,000 permanent jobs; and use $2.8 million worth of coal every day.

For the near term, the fastest way to replace significant amounts of oil with coal is in large industrial and utility boilers that now use the equivalent of 5.5 million barrels of oil and gas per day.

I'm sure you heard this morning of legislation Senator Heinz will be introducing to provide a series of tax incentives to utilities that wish to convert. I'm 100 percent behind him on that bill, and I'm optimistic that we'll get it passed during this Congress.

In the meantime, I am deeply disturbed by the administration's plan to terminate funding for the federal fuels conversion program in the Department of Energy before any new incentives have been enacted to take its place.

For a relatively modest $5 million, the Department of Energy could continue work on issuing final conversion orders to approximately 50 plants, with a potential for saving 300,000 barrels of oil per day.

That's 80 to 110 million barrels of oil per year.

Unless these orders are issued, many of these units never will be converted and conversion of most of the remaining units is likely to be greatly delayed.

I want to make clear that we are no longer talking about forcing conversions.

Most utilities with suitable candidates for conversion recognizes it is in their best interests, and the interests of their customers, to convert to coal—provided they can secure up-front construction financing and obtain the required federal, state and local permits.

The momentum for coal conversion is increasing right along with the price of oil.

Coal conversion is no longer just a coal issue or a national security issue which is somehow too nebulous to capture public support.

It is a consumer issue.

If the fifty or so plants we're talking about converted from oil to coal, the cost differential between oil and coal would result in annual fuel savings of more than $1.5 billion That could provide a lot of relief to the overburdened ratepayers in New England and elsewhere.

The economics are clearly with us.

Unfortunately, the obstacles to coal conversion are still with us too.

In most States, any one of a large number of State or local agencies and citizen's groups can readily block conversion.

Is there anyone here who doubts they would try?

With the Federal leverage of a conversion order, State and local opposition may be easier to overcome.

On the other hand, by terminating the problem, we may be sending an entirely wrong signal to States and localities, a signal that the Federal Government no longer considers conversion important.

Conversion of units is dependent on completion of a Federal environmental impact statement, which is, as you know, a very expensive and time-consuming job that DOE has been doing for many of the utilities.

If the Federal program is terminated before the impact statements are completed, conversions could be delayed for up to two years.

Finally, and most importantly, under the Clean Air Act it is necessary for a utility to be ordered to convert to avoid requirements for installation of scrubbers: to be eligible for delayed compliance: and to avoid time-consuming prevention of significant deterioration review.

I have introduced a bill, S. 540, to extend these same advantages to utilities which voluntarily convert.

It is uncertain if we will be able to get this bill considered separately from the overall clean air debate. Further, it now appears that the clean air debate may not be completed before the end of 1982, and possibly 1983.

Consequently, if the Federal conversion program is ended before my bill passes—and there is no guarantee that it will ever pass—the utilities will have no avenue of relief.

This is an expensive proposition for the utilities and most will find it impossible to proceed with conversions until this issue is settled.

It is only logical to keep the existing program in effect until we have something to take its place.

President Reagan has another mandate—to get government off the backs of American business and industry.

Regulatory reform has my total and unequivocal support—and what better place to start than the coal industry.

When I addressed the mining Congress two years ago, I had just finished chairing three very full days of hearings on the effect of government regulations on the production and use of coal.

These three days were more than enough to convince me that if any industry in America is in need of regulatory relief, it is the coal industry.

You are regulated from the time you first begin planning to open a mine until after the smoke leaves the stack at the boiler, and every single regulation adds to your costs and to your marketing problems.

To be sure, some regulation is necessary.

But Washington has gone overboard and it is up to Washington to do something about it.

With the Clean Air Act up for reauthorization, we will have an opportunity to pursue some substantive changes in the regulations affecting coal use.

The administration has given every indication that they will be leading the way toward getting those changes enacted, and I applaud them for that.

In addition to the bill I mentioned earlier to give voluntary conversions to coal favorable treatment under the Clean Air Act, I have already introduced two other Clean Air Act amendments.

One would permit the emergency suspension of State implementation plans for up to five years in order to convert from oil to coal.

The other goes to the broader need for regulatory certainty. It provides that once a source comes into compliance with all existing air quality requirements, no more stringent requirements could be imposed on that source for up to 10 years.

Attention also needs to be given to possible adjustments in the national ambient air quality standards, and the prevention of significant deterioration and non-attainment programs.

We need a balance between our energy and environmental needs—a balance which is currently lacking.

But just as I would argue against overly stringent environmental requirements, I would also urge your industry not to try to swing too far back the other way.

Coal is still widely perceived by the public as a dirty and undesirable fuel. It is a false image, and one we should not be guilty of perpetuating by seeking unnecessary or unreasonable relaxation of environmental standards.

On the production side, I know all of you are pleased as I am that the new Office of Surface Mining has extended an olive branch to those of you engaged in surface mining practices. The new and more flexible regulatory view and the cooperative attitudes of the personnel involved will lead, I believe, to eased production without damaging the environment in the slightest.

The mandates of the surface mining act must be met. We cannot afford to waiver from that standard. Yet, the very strict standards of this act need not hamper production and the Reagan Administration's efforts to assure that this will not occur are to be commended.

Although we can be pleased with the new regulatory scheme of things, I believe there still remain some problems in OSM that need to be addressed.

In spite of the fact that Secretary Watt has indicated he will not be seeking changes in the Surface Mining Act, I, for one, feel that in order to make all the changes that are necessary to improve the administration of the law, there must be some changes made in the law itself.

For example, although greater flexibility in the variance procedures for meeting the approximate original contour provisions of the act seem to be the order of the day, all of you who operate in the mountainous regions of the Eastern United States know that the Surface Mining Act is quite clear about the AOC standard.

It simply says that the land shall be restored to the approximate original contour.

Administrative variance or no administrative variance, I believe that unless the language of the statute is changed, there will be significant difficulty in avoiding long, entangled law suits filed by those who would have overly-exacting standards imposed on operators.

Another shortcoming in the act which is only recently coming to light are the provisions that preclude states from receiving money from the abandoned mine reclamation fund until their state primacy plan is approved.

In hearings before the Senate Appropriations Committee, on which I serve, OSM officials indicated that before mid-1982, probably 25 or 26 of the 29 coal producing states will have attained privacy.

At the same time, the agency is proposing to cut the budget for the abandoned mines reclamation program on the grounds that the law prohibits dispersal of these funds until such time as primacy is approved.

This is an outrage.

In the coal fields we have equipment ready to do reclamation work, we have the environmental need for the work to be done, and we have the labor to perform the necessary activities.

Why states should be forced to wait until primacy is achieved is beyond comprehension.

Reclaiming the ravages of the past, along with preventing such practices in the future, were the main purposes of the Surface Mining Act.

Putting off the implementation of one of these purposes even one day longer simply does not make sense.

In my capacity as a member of the Senate Appropriations Committee, I intend to be working with other concerned Senators to see that every dollar of funding which can be used by the states, as well as the Department of Agriculture in its administration of the very successful ramp program, is available for use.

Operators have paid into this fund from the date of the enactment of the Surface Mining Act. I believe it is time for the public to see the full benefits of these contributions.

Another area I believe has received inadequate attention is that of the ability of our nation's transportation system to carry the vast amounts of coal which will be produced and consumed in the coming years.

Since 1973, I have attempted to secure the passage of a Federal program to assist the States in meeting the overwhelming demands placed on State treasuries by the national desire to burn coal—which must be transported over State and Federal highway systems.

We came very close to establishing such a program last year, but circumstances beyond our control prevented that.

With the new budget consciousness and a shortage of highway trust fund money, I have, for the first time in many years, become quite pessimistic about the chances of having an energy-impacted transportation system program enacted.

I do not intend to give up.

I have long believed that unless we move to repair and maintain the energy-impacted highways in the inland areas of the country, we may well be faced with bottlenecks in coal movement that will make the back-ups in the ports pale in comparison.

It is with a great deal of interest that I see the degree of attention being focused upon the contribution the Federal government should make to the improvement of our harbor facilities. If it cannot be made clear to the nation that the export of coal is of primary national significance, I fear we will fall into the same trap with harbor improvements that has plagued inland transportation routes.

Coal exports can help cure a multitude of ills.

They can bolster our domestic economy. They can ease our balance of payments problems. They can help curb the worldwide demand for oil.

Exports of American steam coal have taken off like a shot. Total U.S. coal exports in 1980 reached an all-time record of about 90 million tons—almost 40 percent higher than in 1979.

Projections are that we will increase our exports seven times over between 1979 and 1990.

But that will happen only if we can get our transportation system in order.

At least 10 million more tons of coal could have been exported than were sent abroad in 1980, and I fear markets could be lost to us for good if the problems at the ports persist.

We are expecting an awful lot if we expect our customers to wait patiently for 30 to 60 days in our ports at costs of up to $15 thousand per day.

We have to deepen the channels in primary coal ports to at least 55 feet to ac-

comodate the increasing number of deep draft colliers.

We have to streamline our permitting procedures both for the ports and for on-site facilities.

And—I cannot emphasize this enough—we have to improve our inland transportation infrastructure.

That pretty much covers the main items on my wish list for coal.

It is a long list—but I think it is attainable.

A columnist in Kentucky who thinks I tend to be a little over-zealous on the subject of coal, suggested last year that I should have my name legally changed to "Dee—'burn coal—America's ace in the hole'—Huddleston."

I'm not prepared to go that far.

But I am a strong believer in the ability of coal to play a major role in solving the energy, national security and economic problems plaguing this country.

You have a lot of friends in Congress.

With the economics on your side, you have an emerging opportunity to expand your base of support outside the coal-producing regions to every household in America that is tired of paying exorbitant OPEC prices and being held hostage to OPEC whim.

We'll need the support of those consumers to help us overcome the problems and enact the programs I've mentioned today.

I urge you to cultivate that support. With it, we cannot fail.●

THEODORE R. McLEMORE

● Mr. SASSER. Mr. President, it is my privilege today to pay tribute to Mr. Theodore R. McLemore, a Tennessean who has devoted 40 years of distinguished service to the Memphis community.

Mr. McLemore has served as board secretary of the LeMoyne-Owen College since 1944 and has been a board member for over 40 years.

In spring commencement exercises this year, the president of the college, Dr. Walter L. Walker conferred upon Mr. McLemore a Doctor of Humane Letters in recognition of his untiring work and dedication to the college.

Mr. McLemore has been an active member of the alumni association since graduating from the college in 1921. He is presently serving as national fund-raising chairman and has served as president and vice president in the past

In addition to his fine work and the profound influence he has had on Lemoyne-Owen College, Mr. McLemore finds time to participate in a broad spectrum of community affairs ranging from serving on the board of directors of the Goodwill Boys Club to serving as president of the Laymen Auxiliary of the Tennessee Baptist Missionary and Education Convention.

It is indeed an honor to bring to the attention of my colleagues this outstanding Tennessean.●

MINORITY HIRING IN NATION'S NEWSROOMS

● Mr. TSONGAS. Mr. President, the American Society of Newspaper Editors (ASNE) held their annual convention in Washington, D.C. last month. It is an event which brings together the lions of the Fourth Estate to discuss the pressing issues of the day and to engage in thoughful dialog on the future of the newspaper business and the entire communications industry.

Tom Winship, editor of the Boston Globe, the major newspaper in New England and one of the largest and most respected in the Nation, has just completed a 1-year term as president of ASNE. In a farewell address to his colleagues, Winship focused attention on the critical shortage of minorities in the Nation's newsrooms. Despite the considerable strides made in equal employment opportunity in many fields over the past decade, minority hiring for editorial positions in the Nation's newspapers remains negligible.

Mr. Winship should be commended for taking a public stand on this controversial issue and I ask that the entire text of his remarks appear in the RECORD.

The remarks follows:

REMARKS OF THOMAS WINSHIP

My president's speech will be short and to one point. I appeal with all my heart to the conscience of the leadership of the print media to confront our failure in minority hiring. I realize social engineering is a taboo subject in Washington these days but maybe I can have safe passage because I'm talking about social engineering initiated and paid for by private industry, not government.

Our casual attitude toward minority employment is particularly embarrassing because our mission is semi-public and because it is protected by constitutional guarantees. Yet newspapers, with a nearly all-white face, attempt to portray accurately a mixed society.

Our industry has spent millions in dramatically successful technological research and preparation for the age of satellites, computers, cable and video.

Our industry has invested millions in readership and market research.

Our industry has devoted uncounted programs, panels, discussions and staffing in a national push for better writing.

The commitment and funding for these enterprises has been impressive.

But how strong is the moral commitment to equal opportunity inside our newspaper offices? Where is the commitment to sensitivity in news coverage that can be enhanced by racial mixture on our staffs.

Fourteen years ago, the Kerner Commission, which studies racial strife, said: "By and large, news organizations have failed to communicate to both their white and black audiences a sense of the problem America faces and the sources of potential solutions. The media report and write from the standpoint of a white man's world. . . . this may be understandable, but it is not excusable in an institution that has the mission to inform and educate the whole of our society."

The Kerner Commission barely pricked our conscience. The effort to increase the number of minority journalists simply never has had broad-based backing among editors and publishers. The majority of the daily newspapers in the nation still do not employ minority journalists—and never have. The number of minorities in newspaper management jobs is still negligible.

A year ago, there were 47,300 professional journalists in the country—reporters, copy editors, photographers, artists and news executives, and of these, 2,400 were minorities, up 100 from a year ago and 4.96 percent of our work force.

Two years before, in 1978, the same survey showed 1,700 minority journalists out of a total 43,000 in the profession—or 3.9 percent.

Although 4,300 more minorities were hired in 1980 as business expanded, only one of every 11 was a minority.

But, according to Jay Harris, Assistant Dean of Medill School of Journalism, the percentage of newspapers with minorities on their news staffs has dropped 40 to 37 percent in the past year.

From the standpoint of background, 29 percent of the minorities have five or more years experience. Ten percent have 10 or more. Only a trickle of minorities are working their way up the ladder. Most are still coming in as reporters or at other entry-level positions rather than closer to the top.

You can count the number of top ranking minority editors on one hand.

No one can feel comfortable about that record. One conclusion can be drawn from the last fourteen years: Apparently most publishers and editors do not see a compelling enough argument—professional, moral or economic—for ending this history of neglect of a truly integrated American press. It is fair to ask whether such compelling arguments do exist.

I believe they do.

First, the right of the press to be free from government control was guaranteed by an amendment to the U.S. Constitution in 1791. The goal of the framers of that amendment was not just to ensure that newspapers in the country would be free. Rather, the Amendment was intended to protect the press because newspapers are an essential means to an important end—a fully informed citizenry as the necessary foundation of a democratic society.

As far as minorities are concerned, the press has failed to satisfy that responsibility and a major reason for this failure is the paucity of minorities among the ranks of reporters and editors of newspapers.

Consequently, too many minority readers reject newspapers and in so doing reject an important opportunity to become fully-informed. They thus lessen their ability to participate effectively in the process of self-government.

Second, newspapers are—or at least should be—the glue which makes a community out of a group of individuals who live in the same area. But, once again, because of the absence of an integrated staff and the resulting inadequate reporting, this community service is not performed well. To be sure, there are periodic blockbusters produced by newspapers—those impressive and often commendable one-shot efforts to "tell it all." But persons in a community live from day to day, and need to be informed about each other's lives on just that regular a basis.

Newspapers also offer leadership to a community—or should. Most often that is accomplished through reporting or editorials. But newspapers also lead by example, and in all too many American communities the example newspapers set and the leadership they offer in the matter of equal opportunity are ultimately quite out of step with the best principles in this nation.

Third, profits. The time has come to cease being shy about mentioning profits in connection with minority hiring. There are literally millions of minority non-readers to whom, I believe, newspapers can be sold. And, if we are able through the development of a better newspaper, a more widely distributed newspaper, to sell newspapers to more minorities then we can sell those new minority readers to advertisers. Thus, newspapers will be more prosperous and in a better position to do more important things for more important reasons.

The racial complexion of nearly all city rooms in 1981 presents a crisis in moral values and demographic blind-sidedness. Can we afford business as usual in minority employment at a time when our electronic brethren and exploding scientific and com-

puter breakthroughs are bombarding newspapers in all directions; at a time when newspaper circulation and lineage gains are not the easiest to achieve.

Today the black population stands at 26.4 or 11.7 percent of the nation's total.

Today there are 19.8 million Hispanics in the U.S. A figure that has grown 14.3 percent in just the last five years. In Texas one of every 4 residents is Hispanic; in California, one out of 5. Recent Census figures on minorities in all major cities underscores this dramatic shift.

Yet the average daily newspaper is still covering this multi-faced society through white eyes and ears.

Ask any circulation manager how well he is doing in the non-white areas of his city.

Ask any advertising director how well he does in the non-white market. A respected market research firm in California places the combined income of Blacks in this country at $125.8 billion and Hispanic income at $60 billion and rising.

Fourth, and most important is the morality issue. We believe in equal opportunity for all. The momentum has somehow slipped. Let's pick it up.

I have a proposal, not a cure-all by any means, but one I wish the various journalist organizations would consider. Among newspaper organizations, the nation's editors have been in front of others in expressing concerns over minority hiring. Only ASNE has a standing committee on minorities, thanks to the wisdom of Eugene Patterson of St. Petersburg, who set up this committee three years ago during his presidency. Since then, this committee especially under the leadership of Chairman Richard Smyser, has been the most active group in ASNE.

But, we are dealing with a critical situation that is industry-wide. We need the help of the advertising directors, who know the growing purchasing power of Blacks and the Hispanic population. We need the help of circulation managers who are out on the streets, and above all, we need the help of the publishers, who are the ultimate word on hiring and firing and who negotiate the union contracts.

Dick Smyser's ASNE report mentioned the need for a "super committee". I take his thought a step further.

Let us use the Newspaper Readership Project, now in its second year, as a structural model for bringing all elements of the newspaper industry together to address this most crucial moral and economic problem. I suggest that we set up a separate newspaper minorities project. It should have adequate industry funding and be directed by a respected publisher or ex-publisher. It should be represented equally by all the standing industry organizations—The American Newspaper Publishers Association, The American Society of Newspaper Editors, The Associated Press Managing Editors, the International Advertising Executives Association and the International Circulation Managers Association.

This plan would at least do two things. It would display a new sense of urgency about this social blight in our business. It also would provide the funding for fresh hard-headed market research into the economic and educational aspects of our crisis in morality. There's no other way to describe it.

I urge the hierarchy of ANPA, ASNE and APME to consider the proposal. Tear it apart, come up with a substitute approach, if you will. But, please at least address seriously this overriding problem.●

THE TREATMENT OF U.S. INVESTORS IN CANADA

● Mr. JOHNSTON. Mr. President, the Canadian Government, through the activities of its Foreign Investment Review Agency and its proposed national energy plan, has elevated economic nationalism to a position of primacy in its national policies. In doing so it has presented the potential of eroding the value of Canadian assets owned by U.S. investors; adversely affected the ground rules originally used to attract such investors, and appears to deny to those U.S. investors a favorable operating environment comparable to that afforded Canadian companies active in the United States. I am concerned that the Canadian Government's pursuit of its present policies will make it impossible to maintain reciprocity of the fair and constructive business environment that has contributed greatly to the economic progress of both Canada and the United States in the past.

I do not question the right of countries to restrict the activity of foreign investors in selective areas. However, the prevailing assumption in the United States has been that such restrictions would be limited in scope and would not be designed to provide long-term artificial competitive advantages to domestic concerns.

Our friends to the north are pursuing their nationalistic goals through two primary instruments. The first is the Foreign Investment Review Act which establishes Canada's Foreign Investment Review Agency (FIRA). That agency has been given wide discretionary powers over foreign investors' activities in Canada. Its mandate extends over a wide range of investment opportunities.

FIRA's primary tool is control of the investment approval process. For instance, it must give prior approval to:

U.S. acquisition of Canadian businesses,

Establishment by a U.S. concern of a new enterprise in Canada, or

Expansion by any existing U.S.-owned enterprise in Canada into a new business area.

Various examples of the effect of FIRA activity on U.S. business interests exist, among which are the following:

A proposal by General Electric's subsidiary in Canada to acquire Federal Pioneer, Ltd., of Toronto was turned down by FIRA in late 1979.

In 1979, FIRA rejected two proposals by a subsidiary of Gulf Oil to acquire oil and gas properties in Canada.

In March 1981, Getty Oil was not allowed to acquire a majority interest in Canadian Reserve Oil & Gas, Ltd.

FIRA is unfettered by any strict definition of the criteria on which its decisions are to be based and there is no requirement that it make known its reasons for rejecting an application. Therefore, Mr. President, it is difficult to avoid the appearance that FIRA is a political instrument of the Canadian Government designed to promote policies of economic nationalism.

The introduction in October 1980 of Canada's national energy program—NEP by the Trudeau government has begun to bring into focus the overall intent signaled by the existence of FIRA. The program's discriminatory nature relative to foreign investment is made clear by several of its anticipated provisions. Under it:

Canadian-owned firms are to receive subsidies for oil and gas exploration and development which, in all cases, will be substantially greater than those received by the United States or U.S.-controlled firms.

A minimum of 50-percent Canadian ownership is to be required for oil and gas production in the Northwest and Yukon Territories and offshore properties.

Takeovers of foreign firms by state-owned PetroCanada and by private Canadian companies are to be actively promoted.

The National Energy Board is to take into account the level of Canadian ownership in considering oil and gas export applications.

New large nonconventional energy projects such as synfuels are to be carefully scrutinized by the Government to insure conformity with the basic tenets of "Canadianization."

A Government institution is to be set up to purchase natural gas from Canadian-owned firms that cannot find markets; to enter into joint ventures with such firms; and to provide them production loans. U.S. natural gas firms operating in Canada are to be denied access to this facility.

The Canadian Government has signaled that it will deal with the nonpetroleum energy sector in a similar manner. It has stated in the NEP that—

> The Government is concerned about ownership trends in the non-petroleum energy sector . . . Canadians would not be wise to let the pattern of ownership that occurred in the oil and gas industry repeat itself in the uranium and coal industries.

Thus, the implied intent as evidenced by the above language is to discriminate against the foreign investor over the wide spectrum of energy activities.

The effects of these provisions of the NEP on U.S. investors could be pernicious and wide ranging, especially as they become intertwined with the functioning of the FIRA. One such effect is to penalize U.S. investors who, in good faith, previously entered into extensive investments in Canada under ground rules and expectations for the future dramatically different than those that will result from the NEP. On a retroactive basis they are being penalized for their original confidence in the integrity of Government policies existing at the time of their investment. Such discrimination is one of the reasons the NEP has elicited numerous protests from Canada's OECD partners and, indeed, from large segments of the Canadian business community. The NEP would thus seem to violate the spirit of the OECD guidelines encouraging equal treatment in member countries of foreign and domestic investment.

A particularly alarming result of the NEP is its depressing effect on the value of Canadian oil assets owned by U.S. citizens. The provisions of the NEP thus put unwarranted pressure on U.S. investors to sell. At the same time, the existence of the Foreign Investment Review Agency effectively precludes non-Canadians from bidding on such assets.

This removes the matter from a situation of true competitive pricing of the assets. Hence, elementary business sense illustrates that the Canadian Government has established an environment prejudiced against U.S. investors, the result of which is to allow Canadians to acquire U.S.-owned assets at bargain prices.

A further impact of the interwined effect of FIRA and the NEP is to undermine completely the principle of reciprocity between Canada and the United States in the rules under which one company can acquire another. A company based in Canada and adhering to the dictates of the NEP can pursue a U.S. acquisition with little fear that a U.S. company could successfully pursue a similar course in Canada. The effect of such a situation is illustrated by the present attempt by Dome Petroleum, which has clearly committed itself to the NEP as an operating mandate, to acquire a substantial portion of the shares of Conoco, Inc. If successful in its efforts it would possibly be in a position to exert a controlling influence over Conoco.

Dome has indicated that its primary intent in acquiring Conoco shares is to place itself in a position to exchange those shares for Conoco's controlling interest in Hudson's Bay Oil and Gas, a substantial petroleum company operating primarily in Canada. Central to Dome's strategy is the argument that the NEP reduces markedly the value of Hudson's Bay to Conoco. Whether or not it is, it seems intentional that the Canadian Government is placing U.S. companies such as Conoco in very difficult circumstances while protecting from a similar situation those companies which adhere to the NEP principles.

Mr. President, it is apparent to me that we cannot allow such a one-sided situation to continue. The preferable solution is to work cooperatively with the Canadian Government to establish ground rules that insure general reciprocity in the treatment of Canadian and U.S. companies operating on both sides of the border. It appears that the tendency to take advantage of the distorted competitive position wrought by the NEP and the existence of the FIRA is accelerated on the Canadian side. Unless the present trend is reversed in the immediate future, I foresee little recourse for the United States but to consider official action that will unmistakably indicate that this country will insist on reciprocity in its business relations with our friends to the North.●

BROCKTON, MASS.

● Mr. TSONGAS. Mr. President, Brockton, Mass., known as the Shoe Capital of the World, is celebrating its centennial in 1981. Renowned for its heritage and hospitality, the city is now celebrating 100 years of "tradition and progress." The saying, "Brockton Shoes the World" indicates the city's proud history. Brockton's shoe industry dominated the world footwear market until after World War II.

Brockton has been the site of many other accomplishments throughout the years. Thomas A. Edison supervised and witnessed the pioneering advances Brockton made in the citywide uses of electricity. In the area of public works, Brockton also led the way in developing the downward filtration process, a sewerage disposal system that became a model for inland cities all over the world. In 1970, the newly constructed Brockton High School opened its doors. Today, it is the largest high school in the country.

No one can forget the great place that Brockton, Mass. has in the history of sport. It nurtured, loved and mourned a great son of Brockton, a great human being, Rocky Marciano, who became the heavyweight boxing champion of the world. Today, another who calls Brockton home, Marvin Hagler, a man of perseverance and talent, is the middleweight boxing champion of the world.

My home is a Massachusetts city of similar size and history to Brockton. I feel at home with Brockton's great traditions.

Mr. President, Massachusetts, our Nation and the world, have been enriched by this city's contributions in so many areas. During 1981, we proudly celebrate 100 years of culture and achievement in Brockton. The future is with cities such as this one. In 2081, I expect that Brockton will celebrate another century of progress and leadership. I pledge to work with the people of Brockton toward this future and I congratulate them for their past and current accomplishments.●

U.S. POLICIES IN EAST ASIA AND THE PACIFIC

● Mr. KENNEDY. Mr. President, Secretary of State Haig will soon travel to East Asia to meet with our allies in ASEAN and Japan as well as to consult with the leaders of the People's Republic of China. It is timely and appropriate to review the initial policies of the administration in this important region of the world, and to consider how we can strengthen the United States-China relationship which is so critical to prospects for peace and stability not only in Asia but throughout the world.

Former Assistant Secretary for East Asia and the Pacific, Richard Holbrooke, has undertaken this task admirably in a recent article for the Asian Wall Street Journal. I commend the article to my colleagues, and request that it be printed at this point in the RECORD.

The article follows:

[From the Asian Wall Street Journal, Apr. 8, 1981]

REAGAN'S FOREIGN POLICY: STEADY AS SHE GOES

(By Richard Holbrooke)

WASHINGTON.—Seventy days into any administration is far too early to make firm predictions. This is as true of the Reagan-Haig foreign policy as it was with other new administrations. The Reagan administration has given us a strong and forcefully expressed posture, but hardly any policies yet.

We know it will be tough on the Russians, but we have not been told how. We know that it will increase the defense budget, but its first priority is manpower which, no matter how essential, will not directly strengthen the strategic balance which it feels has been so dangerously eroded. As is true with so many previous governments in Washington, especially those coming in on the heels of dramatic reversals in the election booths, early rhetoric is running far ahead of policy.

Even so, the actions and rhetoric of the administration show that on Asia, in contrast to other areas, the first phase of the administration's decision-making process has resulted in an initial vote for continuity over dramatic change. In this first phase, the personal role of Secretary of State Alexander Haig on Asian policy has been marked and positive.

America's binding political and strategic ties with Japan have been reaffirmed in a number of ways: the retention of Ambassador Mike Mansfield was a masterful early move. Trade and defense issues between the two countries remain difficult, but appear to be under the firm control of people on both sides of the Pacific who will seek solutions within an unbreakable commitment to close alliance.

In regard to ASEAN and ANZU, Mr. Haig and his colleagues have already reaffirmed inherited policies, signaling their desire to go even further in the direction of strengthening American support for these two organizations. These are essential blocks in the creation and maintenance of stability in the Pacific. So far the region is hearing precisely what it wants—and needs—to hear from Washington. The increase in military aid for Thailand is especially welcome and justified.

U.S. relations with South Korea have improved dramatically, the result of a well-executed decision to offer President Chun Doo Hwan the opportunity of a much-wanted state visit to Washington if "the situation permitted"—a signal concerning the fate of imprisoned political opponent Kim Dae Jung which was correctly understood in Seoul after some weeks of frantic cross-Pacific commuting and pulse-taking.

Here, Mr. Reagan and Mr. Haig were able to go further than their predecessors. Ironically they achieved with positive incentives what the Carter administration might have had far more difficulty achieving because its tools were primarily negative and punitive.

A major decision in a more obscure area remains on the list of unresolved issues for the administration: whether or not to honor the Micronesian compact which was completed at the end of last year after an almost endless negotiation. Any compact will face some difficulty in the U.S. Congress and some handwringing at the United Nations: Both must approve it for legal and historical reasons.

However, the new arrangements, which provide for "free association" with the U.S., protect vital American national interests in the region, deny other nations (read the Soviet Union) military access there for a suitably long period of time, and are not prohibitively expensive. To reopen these talks only would delay, and probably increase the costs of, putting a U.S. presence in this vast area on a stable long-term basis.

The greatest unresolved problems still revolve around China. The China issue, which unfortunately became part of the 1980 presidential campaign, led to one of the most important early disputes within the administration. While that battle is by no means over, it is important to note that from an early stage Mr. Haig has managed to hold the line for policy continuity against those who advocate turning the clock back and upgrading American relations with Taiwan.

It is a curious state when success in policy-making can be defined as the absence of change and the relative absence of publicity. But that is precisely the situation in

regard to the first 70 days of this administration's China policy. To avoid doing some of the things that were implicit or explicit in the campaign rhetoric took a major effort on the part of those who saw the disaster that this would cause for U.S. national interests.

Mr. Haig's arguments were cast in strategic terms, since they were most persuasive if it were understood that any weakening of American ties with Peking now, for whatever reason, would be incompatible with a worldwide posture of resisting Soviet expansionism. And perhaps the critical point was passed when, probably for the first time in his life, Mr. Reagan met at length with a representative of the mainland Chinese, Ambassador Chai Zemin.

At that meeting on March 20, which the White House played very low key in order not to upset its pro-Taiwan constituency, the President began the vital process of rebuilding relations chilled from months of public rhetoric and private strains. Relations are still far from the warm state that existed under the last administration, but there is now some reason for hope.

Hope, but not certainty. Many critical issues remain before Sino-American relations again march forward. Rightwing pressure on the White House to upgrade relations with Taiwan has not disappeared. The Chinese, while pleased with the messages that President Reagan and ex-President Ford have conveyed, are not yet sure that the crisis has passed.

The administration remains under intense pressure to sell the Taiwanese an advanced fighter aircraft to replace the aging F5-E. It will be difficult to resist this pressure, although the island's military need for such a plane now is questionable.

Taiwan and its friends in Congress will continue to press for more symbols of officiality in the relationship, and seek to represent any bones thrown their way as major slaps at Peking. Thus such seemingly trivial issues such as where Taiwan's representatives are received—inside the State Department or in a private home—will continue to carry excessive symbolic and political weight on both sides.

The strategic relationship with China, not Taiwan, is the main issue, with global and historic importance. That it has been submerged under the Taiwan issue only illustrates anew that trivia can command center stage while great issues wait in the wings.

When power changed hands in Washington in January, the Carter administration left behind a key unresolved issue: how far to take the security and strategic relationship with China. Should America sell weapons to China? How much access should be offered to what the Chinese want most—modern technology that would permit them to close the growing (underscore growing) gap between them and their Soviet adversaries? Should the U.S. seek to move from consultation to coordination in those areas, such as Southwest Asia, where American objectives are virtually identical with the Chinese?

Finally, and most centrally, What is to be America's view of the role of China in the world? Not that Washington has the power to assign a role for Peking to play—only the Chinese can determine their own destiny and world role. But the U.S. will have an influence on it, and must decide what is in its own interests, and shape policy accordingly.

China is at present a friend but not an ally. Under the Carter administration, China's status was moving rapidly towards that of a Yugoslavia—but a giant Yugoslavia with far greater strategic importance, tying down one-quarter of all Soviet forces, and playing a global role as a leading opponent, at least rhetorically, of Soviet expansionism.

Internally divided over Taiwan and engaged in bitter bureaucratic warfare over other issues, the Reagan administration has yet to decide its view of China. Much will depend upon that perception, and the skill with which it formulates policies to make a vision a reality. Whatever course it follows, it will need to integrate regional policies carefully to preserve one of the most important legacies it inherited—the first attempt at a truly integrated Pacific policy linking Northeast Asia, China, Southeast Asia, and Oceania.

Whatever policies are chosen, skill in tactics and timing will be critical. If despite Peking's warnings the administration decides to sell Taiwan a better airplane, there will be a cost. A damage-limiting policy would be essential. Linkage between this issue and the larger strategic issues would then be likely. That policy might well mean offering China access to weapons. And while the Chinese, who windowshop far more than they buy, might not purchase much, the implications of such a decision for Japan, ASEAN, India, and the Soviet Union are immense.

I am not advocating letting the Taiwan airplane tail wag the strategic Peking dog. That is no way to make a great policy decision. Yet in the strange world of Washington, such a backwards way of policymaking is not unprecedented, and in this case it seems quite possible.

To reduce this risk, I would urge two simple things on an administration which has other matters on its mind:

First, do not rush into the Taiwan decisions. Above all, do not make them until after the central decisions about relations with Peking.

Second, send a very high-level official—preferably Mr. Haig or Vice President George Bush—to Peking this summer to discuss face-to-face with the Chinese leadership the entire range of issues. The confidence and growth in mutual understanding that such a trip would create cannot be duplicated in any other way.

Richard Holbrooke, formerly Assistant Secretary of State for East Asian and Pacific affairs, is vice-president of Public Strategies Inc., a Washington-based consultancy firm.●

OPPOSITION TO AWACS FOR SAUDI ARABIA

● Mr. SASSER. Mr. President, the question of the Syrian basing of SAM-6 missiles in Lebanon has brought the Mideast to the brink of yet another war. Moreover, it has underscored the importance of Israeli air superiority and the danger raised by the administration's proposed sale of five airborne warning and control system (AWACS) planes to the Saudi Arabian Government.

On the merits of the issue, this sale is not justified and Congress should reject it when the Reagan administration formally proposes it later this year.

First, the Saudi Government is weak and unstable. Their major threats are internal, not external. For example, there are approximately the same number of foreigners, who are treated as second-class citizens, working in Saudi Arabia now as there are Saudi males. Obviously, the foreigners have no loyalty to the Saudi Government.

More importantly, the attack of one of the main Mecca mosques 2 years ago by Moslem fundamentalists raises the question of a prolonged and ultimately divisive struggle between the royal family, which supports rapid modernization, and religious fundamentalists who follow the teachings of Ayatollah Khomeini.

Therefore, it is extremely dangerous to sell our most advanced weapon systems to such a weak and unstable government.

Second, there is no question that the "enhanced offensive equipment," the extra fuel tanks and the advanced Sidewinder air-to-air missiles, pose a significant danger to the Israeli defense forces.

The F-15 is one of our best air superiority fighters. There is nothing quite like it in the world. In addition, the AWACS planes are specifically designed to work with and direct the F-15's in an air war.

In a land battle for control of the oil fields, the Saudis would be overwhelmed with or without the AWACS. Once the Saudis take delivery of the AWAC'S, however, the planes could be used to severely limit Israel's command of the skies, the military capability essential to victory in any future conflict.

Third, there is the question of American self-interest. In the final analysis, this is the only consideration that should govern the sale—is it in America's best interest to sell the AWACS planes, the extra fuel tanks and the advanced air-to-air missiles to the Saudis,

The only reasonable answer is "No."

The administration argues the Saudis are a "moderating force" in the Middle East, that the sale is a test of our friendship.

Since agreeing to sell the Saudis 62 F-15's almost 3 years ago, the Saudis have demonstrated their "moderation" by:

Rejecting the Camp David accord as a format for a comprehensive and just Mideast peace;

Taking no action whatsoever to encourage Jordan to join the Mideast peace process;

Continuing substantial support for world terrorism by funding the PLO; and

Declaring a holy war against Israel.

Surely, these are not actions of a good friend in a destabilizing part of the world who wishes closer and stronger ties to the United States.

There is to be no quid pro quo accompanying the sale—no firm commitment from the Saudis to help. In fact, the United States accomplishes (only) one thing as a result of this sale—it places Israel, a proven military ally, a stronghold of democracy, in greater jeopardy.

Mr. President, for these reasons, I believe the sale of the five AWACS planes and the enhanced offensive equipment for the F-15's should be rejected.●

PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36 (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 such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulated that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with the committee's intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the notifications which have been received. Portions of the notifications, which are classified information, have been deleted for publication, but are available to Senators in the office of the Foreign Relations Committee, room 4229 of the Dirksen Building.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 11, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-35, concerning the Department of the Navy's proposed Letter of Offer to Australia for defense articles and services estimated to cost up to $1 billion. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director.

[Transmittal No. 81-35]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Australia.

(ii) Total estimated value: Up to $1 billion.

(iii) Description of articles or services offered: Technical assistance for the development of ship design proposals, contract design services, and detailed design and construction of a replacement for the Australian aircraft carrier.

(iv) Military department: Navy (GGT and GGU).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: Included in report for quarter ending 31 March 1981.

(viii) Date report delivered to Congress: May 11, 1980.

POLICY JUSTIFICATION

AUSTRALIA—REPLACEMENT AIRCRAFT CARRIER

The Government of Australia has requested the purchase of technical assistance for the development of ship design proposals, contract design services, and detailed design and construction of a replacement for the present Royal Australian Navy aircraft at an estimated cost of up to one billion dollars.

As an ally under the ANZUS Treaty, Australia plays a major role in assuring the stability of Southeast Asia and the South Pacific and is strategically located with respect to the Indian Ocean. Therefore, the United States has cooperated in improving Australia's military capability through foreign military sales, logistics agreements, and combined exercises.

This sale represents a significant commitment by the Australian Government to modernize and strengthen the Royal Australian Navy and will contribute toward its capability to meet national defense objectives and to fulfill its regional defense responsibilities under the ANZUS Treaty. A modern well equipped Australian Navy contributes to regional stability in an area of high strategic interest for the United States.

The dollar value of this case will depend upon Australia's final ship selection and shipfit. Two ships, an LPH-12 variant and a Sea Control Ship (SCS) variant, will be pursued through the design proposal phase. Australia intends to make the final ship selection about December 1981.

The sale of this equipment and support will not affect the basic military balance in the region.

The contractor for construction of the ship will be determined after the design has been selected.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Australia.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 11, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-44 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Navy's proposed Letter of Offer to Japan for defense articles and services estimated to cost $270 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Acting Director.

[Transmittal No. 81-44]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Japan.

(ii) Total estimated value:

	(*Million*)
Major defense equipment [1]	$ 150
Other	120
Total	270

[1] As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of articles or services offered: Four E-2C aircraft and associated support, including depot level ground support equipment.

(iv) Military department: Navy (SCA).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See Annex under separate cover.

(vii) Section 28 report: Included in report for quarter ending 31 March 1981.

(viii) Date report delivered to Congress: May 11, 1980.

POLICY JUSTIFICATION

JAPAN—E-2C AIRCRAFT

The Government of Japan has requested the purchase of four E-2C aircraft and associated support, including depot level ground support equipment, at an estimated cost of $270 million.

This sale will further the close mutual security relationship between Japan and the United States by contributing to commonality and interoperability. The mutual security relationship is governed by the 1960 Treaty of Mutual Cooperation and Security, and is a vital factor in the political stability of the Pacific Ocean area.

The E-2C HAWKEYE Airborne Early Warning (AEW) system is an important element of Japan's total air defense. At the present time the Japanese Air Defense System has a requirement to improve its performance capabilities against low altitude attack. AEW aircraft with command and control capability can achieve intercepts using fighters on ground alert long before aircraft directed by ground radar information. The E-2C offers a means of data link to the Japanese Air Defense Ground Environment in parallel with direct data link to U.S. Fleet units.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be the Grumman Aircraft Corporation of Bethpage, New York.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Japan.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 8, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding under separate cover Transmittal No. 81-46, concerning the Department of the Navy's proposed Letter of Offer to Australia for major defense articles estimated to cost in excess of $7 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERNEST GRAVES,
Director.

Transmittal No. 81-46

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Australia.

(ii) Total estimated value:

Major Defense Equipment,[2] deleted.

Other, deleted.

Total, deleted.

(iii) Description of articles or services offered: Deleted.

(iv) Military department: Navy (APR).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See Annex under separate cover.

(vii) Section 28 report: Included in report for quarter ending March 31, 1981.

(viii) Date report delivered to Congress: May 8, 1980.

POLICY JUSTIFICATION

AUSTRALIA—STANDARD MISSILES

Deleted.

As an ally under the ANZUS Treaty, Australia plays a major role in assuring the stability of Southeast Asia and the South Pacific and is strategically located with respect to the Indian Ocean. Therefore, the United States has cooperated in improving

[2] As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

Australia's military capability through foreign military sales, logistics agreements, and combined exercises.

Deleted.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be the General Dynamics Corporation of Pomona, California.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Australia.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 15, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-48, concerning the Department of the Navy's proposed Letter of Offer to the Netherlands for defense articles and services estimated to cost $40 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Acting Director.

[Transmittal No. 81-48]

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE ARMS EXPORT CONTROL ACT

(i) Prospective purchaser: Netherlands.

(ii) Total estimated value:

	(Million)
Major Defense Equipment [3]	$36
Other	4
Total	40

[3] As included in the U.S. Munition List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of articles or services offered: Two MK 13 MOD 4 Guided Missile Launching Systems.

(iv) Military department: Navy (LCT).

(v) Sales commission, fee, etc. paid, offered or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: None.

(vii) Section 28 report: Included in report for quarter ending 31 March 1981.

(viii) Date report delivered to Congress: May 15, 1981.

POLICY JUSTIFICATION

NETHERLANDS—GUIDED MISSILE LAUNCHING SYSTEMS

The Government of the Netherlands has requested the purchase of two MK 13 MOD 4 Guided Missile Launching Systems at an estimated cost of $40 million. These systems are to be installed aboard new ships to be constructed by the Netherlands Navy.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of the Netherlands; furthering NATO rationalization, standardization, and interoperability; and enhancing the defenses of the Western Alliance.

The purchase of the MK 13 MOD 4 Guided Missile Launching Systems will strongly increase the Netherlands Navy's ability to protect critical lines of communication for the vital flow of supplies to NATO's Central Region. The Netherlands will have no difficulty in absorbing these systems. The effect of the sale will be to help improve the relative military capability of the Netherlands and NATO.

The sale of this equipment will not affect the basic military balance in the region.

The prime contractor will be the Northern Ordnance Corporation of Minneapolis, Minnesota.

Implementation of this sale will require the assignment of two to five contractor personnel to the Netherlands for a period of about two months.

There will be no adverse impact on U.S. defense readiness as a result of this sale.●

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36 (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 proposed sales 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 one such notification was received on May 11, 1981.

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 notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., May 11, 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 CRAVES,
Director.●

YOUTH SUBMINIMUM WAGE

● Mr. METZENBAUM. Mr. President, we have heard a great deal of talk in recent months about establishing a youth subminimum wage as a means of reducing unemployment among the Nation's young people.

I believe that youth unemployment is an urgent problem for this Nation. In many of our inner cities, for example, 50 percent or more of the young people are unable to find work. As a result, they are entering adulthood without having acquired the basic skills, work habits and experience that they will need to make them productive members of our society.

A recent edition of the Cleveland Plain Dealer carried an excellent summary by Elizabeth Sullivan of a study that casts serious doubt upon the notion that a subminimum wage is an effective solution to the problem of youth unemployment.

That study, which was conducted by a researcher from the University of Utah, surveyed the attitudes of employers in five major cities about hiring young people. These employers were precisely the ones who might be expected in theory to hire more young people under a subminimum wage arrangement.

But that is not what the potential employers say they would do. In Cleveland, for example, not a single company out of 100 contacted said that paying the existing minimum wages is a deterrent to hiring young people. And only 2 percent of the jobs in these companies are now filled by youth, mainly because very few unskilled positions are in fact available.

Mr. President, this study is yet another piece of evidence about the shortsightedness of this administration's willingness to trade short-term budget cuts against the Nation's long-term welfare. Our Nation will pay—and pay dearly—for the administration's termination of the job training programs that give young Americans their best chance to become the employable, productive citizens of tomorrow. Businessmen know that the subminimum wage is no answer—and the Senate should be aware of that as well. "If such a law emerges from Congress," the Utah researcher said, "it will be for political not objective reasons." I concur.

I ask that Ms. Sullivan's article be printed in the RECORD.

The article follows:

SURVEY HERE FINDS WHY FIRMS SHUN HIRING TEENAGERS

(By Elizabeth Sullivan)

Finding a job is tough, but often toughest for an inner-city youth.

Minority youth unemployment in Cleveland may be 50 percent or higher and many worry about how this will affect young people in terms of alienation, future earning power and crime.

A recent survey of attitudes to hiring youth among 450 firms in or near the inner city, preliminary results of which were made public this week, helps explain why the rate is so high.

Firms that could be expected to employ young people—fast-food restaurants, retail outlets and light manufacturing, for instance—were contacted.

Most of these firms had nothing against young people, although some worried about their grooming, reliability and lack of work experience. About 16 percent said they preferred older people.

But only 2 percent of the jobs at the 100 companies analyzed so far were filled by youths, said Garth L. Mangum, a University of Utah employment expert coordinating the five-city study. He said this was mainly because there are so few unskilled jobs available here.

In addition to Cleveland, the survey is being conducted in New York, Louisville, Houston and Denver. Mangum cautioned that only preliminary computer runs have been done on the Cleveland results, but he said they are similar to findings in the other cities.

The survey was run here over the last few months for Mangum by Howard Rice, new director of the employment planning and

development center at Cuyahoga Community College, and Vladimir J. Rus, the center's former director, now executive dean of CCC's Urban Metropolitan Development Institute.

Its early results were announced Wednesday at a CCC workshop for educators and manpower specialists, at which Mangum spoke.

Mangum said firms here have no trouble finding young people to fill jobs and job offers were rarely refused.

Once young people are on the job, there were few complaints about them. Problems concerned their lack of motivation, immaturity, unreliability and tendency to quit after a short time.

Firms said they were pleasantly surprised to find these people dressed neatly, spoke respectfully, were willing to work hard and did not suffer from lack of skills.

Mangum said the survey indicates a subminimum wage would not help reduce teen unemployment. Not a single one of 100 Cleveland firms said paying the minimum wage deterred it from hiring young people.

He said if such a law emerges from Congress, it will be for political not objective reasons.

He said nearly 85 percent of those young people working in the surveyed companies lived in the city. Most of them either walked or took public transportation to work.

Mangum, who chairs an employment policy panel of academics and other manpower experts for the federal government, said in an interview that Reagan administration budget proposals could sharply increase youth unemployment by phasing out most of the youth programs under the Comprehensive Employment and Training Act (CETA).

CETA-supported jobs for more than one million young people a year are on the line, he said.

Reagan has proposed cutting the CETA program to $7.7 billion this year and chopping it to $3.6 billion for fiscal year 1982, mostly by eliminating public service employment but also by chopping more than $1 billion for employment, training and youth programs.

The summer jobs program, which involves about 700,000 youths a year, will remain pretty much intact.●

AEROFLOT

● Mr. GOLDWATER. Mr. President, recently our U.S. Customs Service agents detained a Soviet aircraft until it had been completely checked for classified U.S. material. I, as an American, commend these agents for doing so. An excellent article has been written by Mr. Ralph Ostrich for the Armed Forces Journal concerning this airline the Aeroflot. Therefore, I ask that this timely article be printed in the RECORD.

The article follows:

AEROFLOT

(By Ralph Ostrich)

[NOTE.—Tables 1, 3, 5, and 6 mentioned in article, not reproduced in the Record; also Table No. 4 will appear at end of article.]

The Soviet Civil Air Transport System (Aeroflot) and its physical resources are increasingly being used to implement Soviet political and military objectives worldwide. As an integral component of the Soviet military airlift capability, Aeroflot is a significant key to rapid Soviet power projection. Russia's military airlift fleet can move two airborne divisions simultaneously. If Aeroflot were to mobilize the most appropriate 1,000 planes in its 1,650-plane fleet, the major combat elements of a third Soviet airborne division could be simultaneously lifted.

Despite some limitations in Aeroflot's military capabilities, it is clear that Aeroflot has already played a major role in Soviet military and political initiatives, from the Czechoslovakian invasion in 1968, to the most recent intervention in Afghanistan (April, 1980 *AFJ*). Thus, there is great concern in the West over the possible use of Aeroflot in a Persian Gulf contingency.

Because Aeroflot is an intrinsic part of the Soviet government, much of the operational revenue, traffic, and financial data normally available from other international carriers is not attainable from Aeroflot. Nevertheless, information from various sources is available which permits a limited degree of knowledge about the civilian and military aspects of Aeroflot's activities, organization, and capabilities.

The Soviets have, and will most likely continue to utilize, the Aeroflot assets for the following direct military and military-associated purposes:

Trooplift adjunct to the Soviet Air Transport Command (VTA);

Intelligence gathering, communications monitoring, aerial surveying, and route development activities useful for future military operations;

Transporting clandestine agents for surreptitious operations; transporting undercover military personnel for pre-hostility operations (e.g., seizure of airport prior to landings by regular forces); and

Political "show the flag" means of power projection—making an impression on lesser developed countries of the high state of Soviet technology and advancement, as equivalent to the West.

These four categories of experienced political and military usage of Aeroflot represent a potential threat to US military, economic, and foreign policy interests.

MILITARY AIR TRANSPORT DRESSED IN CIVILIAN FINERY?

Aeroflot is the world's largest airline in terms of scheduled route mileage and passengers carried. The most recent statistics (1978) are impressive: Aeroflot carried over 100 million passengers and over 2.5 million metric tons of freight to some 3,500 Soviet cities and 70 foreign countries. Though these statistics indicate Aeroflot to be among the leaders in world civil aviation (15 percent of *all* passengers carried worldwide by *all* of the globe's scheduled airlines and 40 percent as many as all US airlines combined), roughly half as many passengers as were flown by all US airlines in 1973), the opposite is true when passenger and freight revenues are reconciled against specific routes and destinations. What then emerges is an international carrier with an excess of unprofitable routes, and aircraft flying them which are marginally cost-effective.

This should not be surprising, for Aeroflot is essentially a military air transport adjunct dressed in respectable civil air finery. The clue to Aeroflot's military linkage is found in its administrative leadership and materiel assets.

Aeroflot is administered by the All-Union Ministry of Civil Aviation. (Prior to 1948, Aeroflot was controlled directly by a civil air division within the Ministry of Defense.) But even since coming under the Civil Air Ministry, Aeroflot continues to be under the leadership of former (and active) high-ranking officers of the Soviet Air Force. Since the 1950s, Aeroflot has been headed by the Soviet Air Force Marshal of Aviation—currently, Marshal B. P. Bugaev. Most Aeroflot personnel, who number between 400–500,000, are either currently in the reserves are had former military status through all ranks. This is especially true in functions dealing with management and operations, which explains the close similarity of ground and flight procedures between Aeroflot and VTA. (Many VTA aircraft are marked in Aeroflot colors.)

The organizational structure of Aeroflot very closely resembles the VTA, and even includes a military-equivalent rank structure. (Maintenance personnel and shop foremen wear some identity of rank, for instance.) The administrative apparatus contains, as do all Soviet organs of government, political and KGB elements to ensure conformity, political reliability, and security.

As is customary in the Soviet scheme of things, Aeroflot is very selective about the number of pilots, navigators, and other key personnel having equivalent military expertise. (James R. Reitz, in a 1974 study published in East Europe magazine on the military uses of Aeroflot, estimated Aeroflot's pilot strength at between 20–25,000, most of whom would be readily available for military transport missions.)

The relationship of the Ministry of Civil Aviation (MCA) to the VTA is shown in Table One. In peacetime, the MCA receives its directions from the Council of Ministers of the Supreme Soviet. However, in extreme emergencies or war situations, the MCA is subordinated to the specially designated Defense Council which in turn reports to the Supreme Soviet through the Council of Ministers. It is through the Defense Council that the VTA utilizes the personnel and materiel assets of Aeroflot.

The military exerts its influence from another significant direction—the design and construction of all Aeroflot aircraft. For example, Aeroflot has a reported 100 IL-76 transports under construction and to be in service by mid-1982, as many as VTA had operational in mid-1980 (July AFJ). Those planes, considered by many to be Russia's in-service counterpart of USAF's hoped-for CX, would increase Aeroflot's long-range troop-carrying capability by 45 percent and its cargo capacity by over 50 percent. Although Aeroflot maintains its own operational and flight testing establishments, it does not operate aircraft or engine design bureaus. The responsibility for both military and civil aircraft and engine designs belongs to the Ministry of Aircraft Production, an agency closely tied to the Ministry of Defense.

From the logic of technology and economic requirements for domestic and international passenger and cargo transport, it would make better sense for Aeroflot to purchase superior performance aircraft from the commercial markets of the West. However, the overriding military requirements for a continually utilized, readily available reserve military transport fleet results in Aeroflot's use of aircraft which are far from optimal for the commercial roles they perform.

Because Soviet centralized economic and production planning authorizes the military to take the lead in aircraft design and engineering decision-making, with input from the civil aviation side consdered as less important, the resultant aircraft represents a hybrid with generally more limited applications for civil use. This is evidenced by the fact that earlier models of Aeroflot aircraft were modified medium and long-range bombers with minor allowances made for conveniences expected in civil aircraft. More importantly, however, most Aeroflot aircraft consume more fuel than equivalent commercially designed aircraft. Furthermore, rates of maintenance, downtimes for engine overhaul, air frame and higher echelon maintenance are higher than those for commercial aircraft. From the standpoint of revenue/payload economics, Aeroflot aircraft have limited carrying capacities for the long-range time/distance parameters which their routes require.

Notwithstanding its shortcomings, Aeroflot is a formidable national asset which the Soviet government has made effective political and military use of, as in Czechoslovakia in 1968 and Afghanistan in 1979.

The Aeroflot aircraft inventory and related performance characteristics are shown in Table Two. Several significant facts emerge from this data. Foremost is the limited range and payload of its aircraft for long-range service to Africa and the western hemisphere; only the 18-year-old IL-62 exceeds the 4,000-mile range with a maximum

payload of 26 metric tons. This limitation is more apparent when compared to the longer range/greater payload capabilities of the Boeing 747 (80 metric tons carried 6,620 statute miles); Boeing 707-320 (26mt/6,240 nm); Douglas DC-10 (50mt/4,272nm); Lockheed 1011 (43 mt/4,467nm); and the British Aircraft BAC VC-10 (25mt/4,720nm). Second, it should be noted that the greater portion of the Aeroflot fleet consists of aircraft over 12 years old, with the average aircraft age approaching 20 years.

TABLE 2.—AEROFLOT: INVENTORY OF OPERATIONAL AIRCRAFT

Aircraft	Date first flight	Number of aircraft	Troop carrying capacity		Total troop capacity		Additional non-VTA reserve capacity		Maximum payload range (miles)	Maximum payload (tons)	Maximum cruising speed (miles per hour
			Regular	Paratroop	Regular	Paratroop	Number of passengers	Total number of passengers			
L-14 [1]	1953	106	40	24	3,180	2,544			288	4.0	186
TU-104	1955	161					100	16,100	1,300	13.0	560
IL-18	1957	378					122	65,016	1,990	15.0	419
TU-114	1957	31					220	6,820	3,850	33.0	478
AN-12 [1]	1959	132	91	60	12,012	7,920	(2)	(2)	730	22.0	373
AN-24 [1]	1960	148	50		7,400		(2)	(2)	340	60.0	280
TU-124 [1]	1960	60	56		3,360				760	6.5	540
IL-62 [1]	1963	97	186		18,042				4,160	26.0	550
TU-134 [1]	1964	182					72	13,104	1,490	8.5	540
AN-22 [1]	1965	31	400		12,400		(2)	(2)	3,100	88.0	460
YAK-40 [1]	1966	98					27	2,645	1,240	3.0	342
TU-154	1968	182					72	13,104	1,490	8.5	540
L-410	1969	14					19	266	124	2.0	236
TU-144	1969	13					140	1,820	4,040	15.5	1,550
IL-76 [1]	1971	2	145		290		(2)	(2)	2,700	40.0	523
AN-30	1973	7			(3)	(3)	(3)	(3)	1,616		323
AN-28	1974	2					15	30	560	1.6	205
YAK-42	1976	4					120	480	1,118	15.0	497
IL-86	1977	2					350	700	1,460	22.0	575
Total		1,650			56,684	10,464		120,085			

[1] Designated VTA reserve fleet.
[2] Cargo only.
[3] Photography and mapping only.
Data source: 1977.

Nevertheless, when these assets are considered in terms of their troop carrying capabilities, the threat potential is better realized. The six Aeroflot passenger aircraft types designated as VTA reserves in Table Two have a total lift capacity of over 56,000 troops—equivalent to the manpower of at least four Soviet motorized rifle divisions and additional support troops. Looking at the airlift capacity in a more probable situation, where only half the aircraft would be available, a realistic airlift of an equivalent two divisions is thus achieved.

Aeroflot's IL-14 and AN-12 aircraft also provide the VTA with the capability of carrying the equivalent of more than a division of paratroops (these planes are specially designed for paratroop drops). Aeroflot's 100 new IL-76s will dramatically increase that capabiltiy. The remaining 11 types of non-VTA reserve Aeroflot planes (shown without asterisks in Table Two) represent a backup pool which, if time is not critical, can be mobilized to carry an additional 120,000 personnel. If only 25 percent of these aircraft were available, an additional equipvalent of two divisions could be readily transported over comparatively shorter distances than the VTA-reserve aircraft.

Because of their shorter ranges, most Aeroflot aircraft would require additional refueling for operations in southern Africa, southeastern Asia, and the Western Hemisphere. In view of the fact that Aeroflot has already established terminals throughout northern and sub-Saharan Africa and Cuba, access to distant portions of Africa and Latin America should not prove too difficult a logistical problem. Perhaps the most serious constraint to long distance troop transport is the requirement for frequent crew changes, thus taxing the supply of trained crew personnel.

EVOLUTION AS AN INTERNATIONAL FORCE

From its inception following the Great Civil War in 1922, Aeroflot has been basically a domestic airline serving the needs of the various Soviet governmental agencies rather than the needs of the public, or for financial return. During World War II, Aeroflot was incorporated into the air force where it served with great distinction, performing tactical and transport missions and sustaining losses due to enemy action. Following World War II, Aeroflot extended its service to Eastern Europe, a move designed to affirm its political and economic control of that region.

It was not until after Stalin's death in 1953 that his successors felt secure enough to extend Aeroflot service beyond Eastern Europe with the realization that the Soviet Union would be opened to foreign non-Communist carriers. In light of the desire to extend Aeroflot routes beyond the Communist realm, the political advantages of this policy were not lost to the government leadership. In 1958, Pavel Zhigatev, then Minister of Civil Aviation, noted, "Aeroflot's equipment and route expansion program . . . is new and convincing evidence that the Communist Party and the Soviet government, true to their principles of peaceful coexistence among states with different political systems, are devoting an enormous amount of attention to the construction of aircraft for peaceful purposes, for expanding our economic and cultural ties with all states and peoples."

Beginning in 1955, Aeroflot began cautiously fo expand into such "safe" places as Austria and the Scandinavian countries before heading into the rest of Western Europe and beyond.

Aeroflot's expansion worldwide is illustrated chronologically in Table Three. Immediately apparent is Aeroflot's entrance into various regions by stages beyond Europe, first into South Asia, and then into the Middle East, the remainder of Asia, Africa, and lastly North and South America. The singularly most important fact of Aeroflot's expansion into 70 countries is this: 28 of them (40 percent) became Marxist or Soviet client states immediately prior to or following the introduction of Aeroflot service. More impressive is the fact that if the countries of Western Europe, the United States, and Canada are not included, then the Marxist/client state total increases to over 50 percent of all the countries served. Half of them became Marxist or Soviet client states just before Aeroflot introduced service, half did so just after Aeroflot began operations there.

Table Four analyzes 101 critical historical events in 47 countries preceding, concurrent with, and following the introduction of Aeroflot service. The most significant results of the analysis of 101 critical events are as follows: (1) Soviet military assistance (human and materiel) follows the introduction of Aeroflot service (Critical Incident 3); (2) the support of terrorism and insurgency in countries adjacent to the country served by Aeroflot (Critical Incident 6); (3) the introduction of Aeroflot service immediately prior to, or concurrent with, political instability or Communist takeover (Critical Incident 6)—this has occurred especially in cases of Soviet support of insurgencies and terrorism in Africa and the Middle East; and (4) the large number of countries served by Aeroflot motivated by prestige and political/"show the flag" to counter influence of the West and the People's Republic of China (Critical Incident 1) and prestige flights to London, Tokyo, and Washington, for example.

It is thus reasonable to surmise that very little of Aeroflot's route structure could be rationalized on the basis of economic and commercial gain. Rather, the data relating to "critical events" in 47 of 70 countries served by Aeroflot suggest other than economic and commercial interests as the primary purpose for the initiation of that service.

Underlying these six observable motives and consequences following Aeroflot's route expansion are such less apparent, but ulterior, reasons as developing as infrastructure for political/ideological subversion, propaganda dissemination, and intelligence gathering.

THE AEROFLOT ROUTE NETWORK

First and foremost, the Aeroflot route network cannot be justified on the basis of financial gain or potential commercial enterprise. Above all else, Aeroflot, like all other organs of the Soviet government, exists for the sole purpose of carrying out whatever policy objective the Kremlin leadership determines. For its part, the Ministry of Civil Aviation is primarily concerned with the implementation of higher policy and the day-to-day operational aspects of Areoflot. It is highly likely, as in other matters, that the route expansion policy for Aeroflot is being determined by the Presidium of the Supreme

Soviet Union and executed by its executive arm, the Council of Ministers (Table One).

The objectives of Soviet foreign policy exert the greatest influence in the direction and timing of the development of the Aeroflot route network. For this reason, if for none other, most Aeroflot routes are economically infeasible, and would be abandoned by profit-motivated commercial air couriers (as indeed they have been).

The most profitable portion of Aeroflot's service (in terms of percentage of filled available seats) outside the Soviet Union is Eastern Europe. This is not surprising in view of Aeroflot's virtual monopoly on flights to the Soviet Union through various incentives to tourist groups and the party faithful. It is an absolute political necessity that the Aeroflot presence in Eastern Europe be omnipresent as a reminder of Russia's distant controlling authority.

Aeroflot service to Western Europe, Japan, and North America at best can be considered a financially marginal operation, but essential as a matter of prestige and manifestation as a "world aviation power." It is Aeroflot's operations and route selection in the Third World and developing nations which are driven by opportunism and strategic factors which override considerations of financial gain or loss. It is a common sight to see Aeroflot aircraft in many African cities empty except for debarking/embarking Soviet diplomatic and other government personnel.

Excluding the cities of Soviet-controlled Eastern Europe and Yugoslavia, Aeroflot flies to 84 other worldwide destinations, divided into nine geographically oriented "services." These "services" include (figure in parentheses indicates number of scheduled stops outside Soviet Union for each "service"): Transatlantic (7); Tokyo (2); Scandinavia (5); Western Europe (17); Southeast Asia (18); Northern Asia (3); Middle East (7); Northwest Africa (20); and East and Central Africa (10). Aeroflot, in addition, maintains a cargo flight service which serves four cities outside the Soviet Union and Eastern Europe.

Further analysis of the route structure outside the Soviet Union and Eastern Europe shows that nearly 200 weekly round trips are made to the above-mentioned 84 cities. Although it would be expected that London and Paris would receive frequent weekly Aeroflot flights, the high frequencies of Havana, Bombay, Cairo, and Tripoli reflect the strategic and political importance of the regions encompassing these cities, i.e., the Caribbean, the Indian Ocean, the central and eastern Mediterranean Seas, and their littorals.

Moreover, the numerous weekly flights into London, Paris, Frankfurt, Milan, (besides 13 other Western European cities) and Scandanavia, provide the Soviets extensive timely area coverage of vital regions of the West.

This continuous information source provides Soviet authorities with the most current and voluminous data source for critical intelligence information pertaining to such factors as weather, shipping, air/ground traffic flow, large-scale troop movement, and observation and monitoring of certain designated ground facilities.

Equally important to the Soviet information gathering apparatus and long-range strategic planners are the 30 scheduled weekly stops throughout the northern two-thirds of the African continent. Practically every important political center or strategically important region has been covered by Aeroflot's "services" to Africa, for the most part carried out in once a week round trip flights.

The Soviet Union maintains its political and strategic interests in Southeast and Northeastern Asia by weekly or twice-weekly flights to Vientiane, Phnom Penh, Hanoi, Saigon, Ulan Bator, and Pyongyang, besides some intermediate stops in neighboring countries where the Soviets maintain an active political interest.

It is only in the western hemisphere where the Aeroflot network could be considered "underdeveloped." Though it is in their strategic interests to expand in the Caribbean and South America, they are restricted to Havana, Mexico City, and Lima. Likely short-term targets for expansion are Managua, Panama City, Granada, and other politically opportune Caribbean countries.

The only regions of the world denied to Aeroflot are the larger portions of the western hemisphere, Australia and New Zealand, and the great Pacific Ocean basin. Most conservative and politically antagonistic regimes of the western hemisphere, including the United States and Canada, have denied or severely restricted Aeroflot service on the basis of mistrust, political leverage, and pure financial infeasibility. Australia and New Zealand have denied Aeroflot service simply because they have judged that there would be insufficient passenger traffic on Aeroflot, and that Qantas and Air New Zealand have no financial gain to be realized in service to Moscow.

It is acknowledged that various types of intelligence and political activities are conducted by other nations' flag carriers for their respective governments to some degree (including the United States), but hardly at the degree and intensity of Aeroflot and its surrogate airlines in Soviet client states. Furthermore, even though such activities are pursued by other foreign carriers, they do not pose a significant threat to the security interests of the United States or its allies. Aeroflot does pose such a threat.

THE AEROFLOT THREAT POTENTIAL: AEROFLOT AS AN ADJUNCT TO VTA

The greatest and most obvious threat posed by Aeroflot is its personnel and materiel transport capabilities as an adjunct to the VTA. The seven Aeroflot aircraft types designated as the VTA reserve fleet (AN-12; AN-24; IL-14; IL-62; Tu 124; IL-76; and AN-22), when combined with VTA assets for both personnel and materiel transport make a significant contribution. Tables Five and Six show the Aeroflot contribution, by military transport aircraft type, to the potential total lift capabilities for personnel and materiel. In personnel transport, Aeroflot's most significant contribution is in the long-range aircraft (Tu-124, IL-62, AN-22, and IL-76). Aeroflot can lift almost as many personnel as VTA over long ranges and about 70 percent as many over shorter ranges, as shown in Table Eight.

In the matter of materiel lift augmentation to VTA, except for a significant contribution of the long-range IL-62's limited payload capacity, a more modest contribution is made by the older, long-range AN-22. The most significant materiel transport augmentation is made by the short-range AN-24. These aircraft would be used as "work horses" in combat logistics environments such as Central Europe, Afghanistan, Iran, and the Middle East. The percentage augmentation for short- and long-range materiel transport is also shown in Table Eight. Aeroflot augmentation for long-range materiel transport (39 percent) is also significant. These long ranges (up to 4,000 miles) would apply most to African and western hemisphere missions.

Addition of the 100 IL-76s mentioned earlier would increase the long-range personnel transport capability by 45 percent and cargo capacity by over 50 percent by mid-1982.

TABLE 7.—FREQUENCY OF CRITICAL EVENTS AND COMMENCEMENT OF AEROFLOT SERVICE

Critical event number	Prior to Aeroflot service	Concurrent with Aeroflot service	Following Aeroflot service	Total
1—Prestige				[1] 24
2—Political instability	10	9	4	[2] 23
3—Military aid	4	10	20	34
4—Economic aid	1	5	9	15
5—Bases acquisition		2	6	8
6—Insurgency support	2	7	12	21
Total	17	33	51	101

[1] Critical event No. 1 not relevant to commencement of Aeroflot service, thus combined in total (not included in subtotals).
[2] Does not include Seven East European Communist states

TABLE 8.—AEROFLOT AUGMENTATION VTA AIRLIFT CAPABILITIES ACCORDING TO RANGE LIMITATIONS

Aircraft (range) (statute miles)	Total all aircraft	VTA	Aeroflot	Aeroflot as percentage of total
Personnel transport (thousands):				
Short range (less than 1,500)	149.5	94.1	55.4	37
Medium range (less than 2,500)	136.0	91.5	44.5	33
Long range (less than 4,000)	70.0	37.5	32.5	46
Materiel Transport (thousands of tons):				
Short range (less than 1,500)	43.0	26.0	17.0	40
Medium range (less than 2,500)	30.75	23.0	7.75	25
Long range (less than 4,000)	14.75	9.0	5.75	39

The AN-22, in service since 1965, has been the mainstay of the VTA because of its versatility in long-range personnel and materiel transport. For example, it is capable of carrying equipment ranging from large amounts of munitions to main battle tanks, missile launchers, and self-propelled artillery. Though it lacks the range and payload capacity of the American C-5, the AN-22's rear loading lets it handle large bulk cargo and most Soviet fighting vehicles.

In addition to the technical and functional capabilities of Aeroflot's reserve fleet, their value is enhanced by immediate to short-term availability of both aircraft and crew/maintenance personnel. Since most crew and key maintenance personnel are members of the Soviet Air Force Reserve, it would be a relatively simple matter to transfer them to active Air Force status with their aircraft. Moreover, a significant portion of Aeroflot's personnel and aircraft are frequently used for troop transport during Russia's routine, semiannual troop rotation in Eastern Europe

(April 1981 *AFJ*). This participation by Aeroflot provides crews and maintenance personnel with highly relevant practice and training in tactical troop movement procedures.

The use of Aeroflot assets in the semi-annual troop rotation program provides yet another potential threat, particularly to unsuspecting neighboring countries. During the troop rotation periods the troop-laden aircraft could easily be directed to seize or occupy a political/military objective from an unwary victim. The efficiency of utilizing Aeroflot assets for such purposes during the rotation period was made evident during the August, 1968 Soviet seizure of Prague's international airport and other key centers during its takeover of that country.

The use of Aeroflot aircraft and crews in the Soviet occupation of Afghanistan, and its utilization in logistical support for Soviet and surrogate forces in Angola, Ethiopia, and South Yemen are other examples of the value of Aeroflot as an adjunct to the VTA.

Aside from the transport aircraft, Aeroflot also maintains and operates a large fleet of specially designed aircraft used for crop dusting and other chemical spraying functions. These aircraft could easily be utilized for tactical employment of chemical and biological agents if the Soviets should consider these aircraft expendable, since few would likely survive the hazards of a combat environment.

AEROFLOT'S INTELLIGENCE ACTIVITIES

That the Soivet Government uses the assets and designated routes of Aeroflot for general information and specific intelligence gathering is certain. Defense Department officials say. Periodically, members of Aeroflot's foreign airport ticket agencies and maintenance staffs have been arrested for illegal activities including espionage and attempts to gain access to security information through use of local nationals.

During 1980, for example, Aeroflot employees in Brussels and Madrid were expelled for undefined "illegal activities" and customs violations. Closer to home, three Cuban airline pilots were arrested last September as suspected espionage agents. An FBI agent, Arthur F. Nehrbass, of the Miami office, stated that the Cubans were arrested on "information we developed as an outgrowth of investigations into Cuban intelligence matters." In February of this year, Ricardo Escartin, who was First Secretary of the Cuban Interest Section and who functioned also as Cubana's representative in Washington, was expelled for "enticing illegal trade." The FBI also identified him as an intelligence agent.

Another interesting fact emerges from Cubana's operations in the United States. There are currently three Cuban "security agents" permanently residing in Miami ostensibly assigned to protect Cubana's single weekly chartered flight. DoD authorities who monitor Cubana's activities report these agents "are never to be found, even when the Cubana aircraft is at Miami." This was borne out several weeks ago when an anti-Castro agent attempted to drive a vehicle into a Cubana plane at Miami and none of the Cuban "security agents" were present to protect the aircraft.

Aeroflot's extensive network through Western Europe permits it to observe all aspects of commercial and, indeed, some important military installations lying along or adjacent to its flight paths. It is not unusual for Aeroflot (or its counterpart surrogates), to veer "accidentally" off its prescribed flight path to overfly troop movements and maneuvers in Western Europe and NATO naval exercises. This practice, however, is not limited to Europe; there are numerous incidents over the past 15 years of Aeroflot, Cubana, and other surrogate carriers straying off designated routes to observe events and places of interest in the United States.

The matter of Communist bloc illegal overflights over restricted areas in the United States caused the U.S. Air Force last summer to issue the following standing note of concern in a memorandum to all its designated critical installations:

"There are indications that Communist airlines have SIGNIT [signal intelligence] collection missions in Western Europe—there is no evidence to date that Aeroflot uses such collection capabilities in the United States' air space. However, the CONUS overflight capabilities of Aeroflot along with their unevaluated collection capabilities does present a threat of unknown dimensions. All recipients of this message are advised to take appropriate actions to safeguard sensitive communications and ongoing operations."

According to some Air Force authorities, there is reason to believe that Aeroflot has already engaged in some form of electronic intelligence, such as monitoring VHF and UHF at certain locales along their flight paths in the United States.

TABLE 9.—SOVIET AND BLOC COMMERCIAL FLIGHTS[1] TO THE UNITED STATES

	Scheduled		Other non-scheduled		Total	
	1979	1980	1979	1980	1979	1980
Soviet Union (Aeroflot)	344	172	62	6	406	178
Poland (Lot)	562	488	126	150	688	638
Romania (Tarom)	192	288	8	4	200	292
Czechoslovakia (CSA)	536	544	0	4	526	548
East Germany (Interflug)	0	0	6	12	6	12
Bulgaria (Balkan)	0	0	8	0	8	0
Cuba (Cubana)	[2] 288	[2] 284	488	186	776	470
Total	1,922	1,776	698	362	2,610	2,138

[1] Flight—a single transit, i.e., 1-way trip.
[2] Authorized overflights, Havana-Montreal.

Air Force liaison officers at FAA assigned to monitor Communist airline flights over the United States stated that the various air controllers covering the northeastern U.S. reported receiving requests at a rate of as much as four per month from Cubana, Lot, and CSA airlines to overfly the restricted regions of the Hudson Valley and Connecticut on their flights to and from Montreal. They requested these routes in order to "avoid the heavy traffic" of their authorized flight routes.

Perhaps the Watervliet Arsenal near Albany, the Knowles Atomic Power Laboratories, or the many electronic and naval facilities of the Hudson Valley and Connecticut are specially designated high priority targets for the Soviet intelligence data collection effort.

Aeroflot and surrogate airlines have requested transcontinental "charter" flights which have coincided with missile firings, troop maneuvers, and practice Strategic Air Command alerts. The continual desire of Aeroflot and surrogate carriers to establish scheduled or non-scheduled "courier" and "special" flights to southern California and the Seattle area, which would pass through some of the most sensitive defense-related facilities, is of great concern to Defense Department authorities. To date they have been successful in convincing the CAB and the State Department that it would be inimical to the security interests of the United States to authorize such flights. The denial of west coast landing rights has effectively denied the Soviets the routes which they desire across the Pacific.

COVERT OPERATIONS

The use of legitimate Aeroflot operations for the insertion of undercover agents and clandestine forces into the designated target is a tactic repeatedly employed by the Soviets. It is highly likely that Aeroflot is the primary means of introducing Soviet intelligence agents and other covert operatives throughout the world, but especially in Africa and other less developed regions.

During the 1968 Czech crisis, an unusually large number of Soviet "government officials" were observed debarking Aeroflot planes at Prague; in fact, several accounts reported that Soviet "civilians" debarking at the Prague airport immediately seized the airport while being led by the former Director of Aeroflot operations there. At Kabul, Soviet commandos, ferried in an Aeroflot aircraft in a routine flight, reportedly seized that airport prior to the advance of the airborne forces. There is good reason to believe that most of the Soviet combat brigade elements recently introduced into Cuba were surreptitiously brought there by Aeroflot over an extended period of time so as not to arouse suspicion and alarm the United States.

"SHOWING THE FLAG" AND EXPLICIT POWER PROJECTION

The use of military and technological assets of one country to impress, or indeed, to intimidate another country in the guise of "showing the flag," or "gunboat diplomacy" is an ancient and accepted practice brought to its peak by the British in the 19th century.

Though a late arriver in the competition for global influence and power, the Soviets have, since World War II, more than made up for their tardiness. In particular, since the expansion of Aeroflot into the world's lesser developed regions in the '60s, that carrier has been effectively utilized by the Soviet government as an instrument of political influence and power projection. Throughout parts of Africa, Aeroflot is the only means for international travel. For example, Burundi and Rwanda have requested Aeroflot service since they lack access to regions beyond their own immediate environment, and desire the "prestige" of an international carrier arriving in their capitals. Whereas other commercial carriers will eschew service to unprofitable destinations, Aeroflot will not, if the venture is deemed potentially exploitable for political or military reasons.

The greatest concern for US security interests is the use of Aeroflot to acquire strategically located footholds in the Indian Ocean, Persian Gulf, and Caribbean/Central American regions. The lesser developed locales, unprofitable to commercially competitive air service, are the most vulnerable targets for Aeroflot political exploitation.

The success-proven approach of the Soviet government is to offer a targeted Third World country the benefit of Aeroflot service—including provision of maintenance and service personnel, ground control approach equipment, and other inducements which the host country would be incapable of providing. This, of course, permits the Soviets to place key intelligence and political operatives working as Aeroflot personnel throughout numerous countries in the Third World besides providing the Soviets with the requisite navigational aides, flight path and approach controls, and ground facilities for future covert or overt military operations.

OPTIONS FOR COUNTERING THE AEROFLOT THREAT

Aeroflot and its counterpart Communist national airlines currently operate 11 weekly flights to the United States—nine to New York and two to Washington, D.C. This does not include a scheduled Aeroflot flight to New York which labor action has precluded since the invasion of Afghanistan. These airlines and the number of weekly flights include: Aeroflot (Soviet) 1; Lot (Poland) 5; Tarom (Romania) 2; CSA (Czechoslovakia) 1; and CACC (People's Republic of China) 1. The CAAC flights to the United States will be increased to two weekly flights after May 2, 1981.

TABLE 10.—COMMUNIST BLOC CIVIL AVIATION INFORMATION

	Communist bloc state ICAO 2-LTR designator and state airline													
	Albania	Bulgaria—LZ, Balkan	Democratic Kampuchea (Cambodia)	China (PRC)—CA, CAAC	Cuba—CU, Cubana	Czechoslovakia—OK, CSA	East Germany (GDR)—IF, Interflug	Hungary—MA, Malev	North Korea—IS CAA of DPRK	Outer Mongolia	Poland—LO, Lot	Romania—RO, Tarom	U.S.S.R.—SU, Aeroflot	Vietnam—VN, Air Vietnam
ICAO member	No	July 8, 67	Yes	Feb. 15, 74.	June 10, 49.	Apr. 4, 47	No	Oct. 30, 69.	Sept. 15, 77.	No	Apr. 4, 47	May 30, 65.	Nov. 14, 70.	Apr. 12, 80.
IASTA member	No	Sept. 21, 70.	Feb. 15, 56.	No	June 20, 47.	Apr. 18, 45.	No	Jan. 15, 73.	No	No	Apr. 6, 45	No	No	No.
Diplomatic relations with United States.	No	Yes	No	Yes	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No.
US CAB 402 permit	No	No	No	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	No.
Bilateral air transport agreement.	No	No	No	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	No.
FAA approved AIP's	No	Yes	No	No	No	Yes	No	Yes	No	No	Yes	Yes	Yes	No.
Prior permission required for entry.		7 working days.		10 days	48 hrs O/F 10 days LNDG.	Yes[1]	Yes[2]	2 working days.			7 days O/F 14 days LNDG.	3 days 30 days series.	5 work days, 3 weeks suggested.	
Diplomatic clearance required for entry.		Yes		Yes								Yes	Yes	
Entry permit valid		48 hr												
Changes must be submitted		24 hr												
Void if aircraft does not enter		10 hr												
Escort crew required				Yes									Yes	
Flight plan required											48 hr	30 min		
Flight notification MSG required.												24 hr		

[1] Czechoslovakia requires: 72 hr advance notice for noncommercial flights with 6 or less people. 24 hr advance notice for noncommercial flights with more than 6 people. 18 working days notice for nonscheduled commercial flights.

[2] East Germany (GDR) requires: 48 hr advance notice. 15 days advance notice for aircraft remaining in GDR for extended period of time. 72 hr advance notice for series of 3 or more flights.

Source: FAA/AIA.

In addition to their scheduled flights, the Soviets and Bloc nations requested and received permission to operate hundreds of non-scheduled "special" flights, mainly carrying government-sponsored technical and trade groups, as shown in Table Nine. In 1979, 27 percent of the total sorties were non-scheduled "special flights." These were sharply reduced in 1980 to 17 percent of total flights, due mainly to the cutbacks forced on Soviet flights as a result of the Afghanistan invasion and reduction of Cubana's refugee flights following the refugee sealift operation.

Another important statistic is the number of authorized Cuban (Cubana Airlines) overflights permitted across US territory from Montreal to Havana. Cubana in particular has overflown restricted CONUS areas and offshore Atlantic fleet exercises. In addition, Cubana has regularly requested overflight authorization from Havana to southern California via the southwestern portions of the United States. Cubana Airlines has also requested non-scheduled flights to Dallas, Chicago, and New Jersey airports in the greater New York region. To date, these requests have been denied due to the insistence of Defense Department officials who are highly concerned about the potential espionage advantage presented to the Soviet surrogate. Except for Cubana, the majority of other surrogate "special" non-scheduled flights are to New York, but a few have been authorized to the west coast with flight paths routed around restricted areas. Cubana's non-scheduled destinations include both Miami and New York, but with every effort made to minimize overland flight paths.

As noted earlier, Cubana in the past has managed to "inadvertently" stray beyond its authorized flight path up the east coast of the United States—most notably over the restricted Patuxent River Naval Air Station and the Myrtle Beach Air Force Base. Defense Department officials estimate that these overflights reached a level of four per month before Cubana was finally forced to fly over-water routes to New York and Montreal.

The initiative to reestablish Cubana air service into and over the United States was undertaken by former State Department Cuban Desk Officer Wayne Smith, who now represents U.S. interests in Havana. According to Defense Department officials, Cubana's rights were granted without ever being channelled through—much less agreed to by—officials at DoD and other agencies, including Smith's compatriots at the Department of State.

Thus, although a strong effort has successfully been made to reduce the number of Communist air carrier flights over sensitive and restricted areas of the US, the 2,000-plus flights annually flown to US destinations do indeed provide these carriers ample opportunities for illegal activities on behalf of the Soviet Union.

While the various Communist carriers have generally been granted "special" and charter flight authorization to the United States, the Soviets deny US carriers the same rights. Furthermore, Pan American Airways was forced to abandon its Moscow flight because of unfavorable and non-reciprocal financial arrangements, and the Soviet government's refusal to let Pan American advertise and freely sell its tickets to Soviet citizens. Of course, Aeroflot advertises regularly in the America media and operates easily accessible ticket travel offices in Washington and New York.

Moreover, Pan American has been negotiating with the Soviet authorities for permission to fly from India to Europe over southwestern Russia and Afghanistan. This request has been made because of the closure of Iranian airspace to American carriers. To date, the Soviets have denied Pan American any overflight privileges.

The US operates internationally and permits foreign carriers into this country through bilateral agreements governed by US laws and international conventions. None of these arrangements provide for, nor condone, the illicit practices of Aeroflot and some of its surrogate partners. The US government has several means of countering the threats as set forth without too great a risk of exacerbating already strained relations with the Soviet Union, and, notably, Cuba. Secondly, none of these proposed corrective actions are hostile acts toward the Soviet Union or affected surrogates; rather, these recommended actions would be applied against any carrier, domestic or foreign, which violates standard international practice and national laws.

In light of the above premeditated violations by Communist carriers and the necessity for strict law enforcement, it is indeed surprising that neither the FAA nor the State Department has seen fit to impose meaningful penalties on the violators. The record shows that the most the United States government could do was issue a warning or "slap on the wrist." It is difficult to understand the Government's self-defeating policy unless it was done in the spirit of "detente" or fear of retaliation against U.S. carriers. Considering Afghanistan and the fact that no American carriers now service the Soviet Union, these explanations seem hardly tenable.

Authorities connected with DoD and the Air Force have suggested several courses of action designed to minimize the Soviet/surrogate espionage threat as well as keep the diplomatic "noise level" as low as possible. These options include:

Denial of Dulles ingress because of overflights of sensitive facilities in Washington, Ft. Meade, and Northeast corridor areas. Boston's Logan Airport should be used instead to preclude land overflight. On the other hand, if the Soviets take a more lenient policy and grant favorable reciprocal terms to U.S. carriers, Aeroflot could be permitted better access to the United States.

Cubana's routes from Havana/Montreal into JFK, New York should be confined to only over-water routes beyond the U.S. air defense zone.

No "charter flights" should be permitted until quid pro quo charter authorization (now denied U.S. carriers to the Soviet Union) is granted.

If charter flights are granted under quid pro quo conditions, a minimum of 15 days notification should be mandatory.

Perform rigorus and continual inspection of all communist Bloc aircraft in conformity with U.S. Government regulations and agreements and international conventions with the foreign carriers. International agreements provide for frequent and thorough inspections, some on a "no notice" basis. The Soviets used to conduct such inspections zealously when Pan Am was operating into Russia; the U.S. has not conducted any such inspections of Aeroflot planes operating in the U.S. during recent years.

TABLE 4.—INTRODUCTION OF AEROFLOT SERVICE AND RELATED CRITICAL EVENTS

Date introduced, Aeroflot service and country	Critical event	Remarks [1]
1956: Afghanistan	1956—Daoud receives military aid from Soviets; Army turns pro-Soviet.	F (1).
1958: Egypt	1957—Suez Crisis; 1958—Soviet rearmament program; introduction of Soviet advisers; by 1960's, attains status of client state.	F (?) (5)
India	Late 1950's/early 1960's—Under F.M. Krisha Menon assumes increasing anti-United States and anti-PRC policies; total support of Soviet Union in U.N.	F (3) (1).
	August 1962—Soviet-Indian Treaty to permit India to build Soviet military aircraft.	
	October 1962—Soviet Union supports India in border war with China.	
	1965—Soviets mediate Indo-Pakistan War at Tashkent; Soviets generally back Indian claims; India now a Soviet client.	
1960: Cuba	January 1959—Castro's revolutionaries overthrow Batista regine; July 1959—Castro manifests pro-Communist domestic policy.	P (2).
	February 1960—Cuban-Soviet aid agreement; July 1960—Khrushchev warns United States not to interfere militarily in Cuba.	C/F (3).
	October 1960—United States charges Cuba with receiving Soviet arms.	(4).
	January 1961—United States severs diplomatic relations; April 1961—Bay of Pigs; December 1961—Castro proclaims himself a Marxist and will bring Communism to Cuba.	(5).
	September-October 1962—The introduction of Soviet missiles/Cuban missile crisis.	(6).
1961: Indonesia	Early 1960's—Sukharno increasingly assumes pro-Soviet policy; intensifies campaign of subversion and terrorism against Malaysia; supports Malaysian Communist insurgents.	F/C (1), (3), (6).
	1965—Indonesia hosts Second Bandung Conference, although "nonaligned" is pro-Soviet and anit-United States and Chinese.	
1962:		
Iraq	July 1958—Overthrow of monarchy; establishment of radical revolutionary republic; Iraq withdraws from CENTO.	P (3).
	1959—Establishment of economic/military aid programs with Soviet Union.	(4).
	March 1961—Outbreak of Kurdish rebellion; Soviets send arms to aid Iraqis against Kurds.	
	1963-68—Army seizes power; suppression of Communists but Soviet military aid continues.	
Sudan	1960-61—Active in supporting black "liberation" movements throughout Africa.	F (2), (6).
	1964-65—Actively assisted rebels in Zaire against Mobuta's central government.	
	Late 1960's—increasing leftist agitation leading to coup of 1971.	
Syria	1956—Soviets begin massive arms shipments	P (3).
	1956-62—Continued political instability, coups/counter-coups.	
	1963—Formation of Ba'athist Revolutionary Socialist regime—increased Soviet presence and military assistance.	
	1963-69—Soviets furnish Syria with $2 5 million of military equipment.	
	1967—Soviets help instigate Arab-Israeli Six-Day War	F (6).
Ghana	Early 1960's—Nkrumah becomes increasingly pro-Soviet; Soviets give $10-50 million in military assistance; Soviet economic and military advisers in large numbers. Nkrumah sends Presidential Guard Regiment to train in Soviet Union.	C/F (3), (4).
	1965—Soviets provide aircraft for Ghana Airways	
Guinea	1959—Soviet military assistance program begun, followed by a military mission in 1960—status as Soviet client state.	P/C (3).
	1962—Soviets provide fighter aircraft and PT boats; Cuba sends economic and military aid mission.	(4).
	During the 1960's, Guinea served as base for insurgency against pro-Western governments of Ivory Coast, Upper Volta, Central African Republic, Cameroon, Dahomey, and Senegal.	C(6).
	Guinea has been a trans-shipment point for Soviet arms to insurgent groups in West Africa.	
	Conakry is utilized by Soviet Civil and Military aircraft as intermediary stop to Western hemisphere and southern Africa.	
Mali	1965—Military coup by leftist junior officers establishes leftist government, but not pro-Soviet or client state status.	F (3).
	Mid-1960's to 1971—Mali receives over $20 million in military equipment, including Mig-17 aircraft, T-54/55 tanks, APCs; Mali military personnel train in U.S.S.R. and Soviet military advisory groups established in Mali.	
1963:		
Pakistan	1965—Though pro-India, Soviet Union mediates Tashkent Agreement on Indonesian-Paskistan War.	F (1).
	1966—Soviets agree to sell Pakistan military trucks, helicopters, Mig interceptor aircraft and IL-28 bombers—these sales are an attempt to replace US position in Pakistan and to counter PRC influence in Pakistan.	(3).
Somalia	Although professed nonalined, Somalia through the 1960's becomes increasingly radical due in large part to its disputes with then pro-Western Ethiopia and Kenya—Soviets tacitly support Somalia.	F (2), (3).
	1969—Lefist Coup-Siad Bekre seizes power—turns to Soviet Union for military and economic assistance—Soviets indicate interest in military base at Berbera.	(5).
1964:		
Algeria	1963—Soviets grant loan of $100 million for arms purchase; by 1971, this total reaches $300 million.	P/F (3).
	Since 1964, over 3,000 Algerian military officers have trained in U.S.S.R.; over 1,000 Soviet military advisors in Algeria after 1964.	
	1964/65—Algeria supports rebel movements in Zaire—intelligence reports state Aeroflot used to transport Soviet arms to Algeria for Congolese rebels. During mid-1960's Soviets are in heavy competition with PRC for influence in Algeria—introduction of Aeroflot service as key element in maintaining visibility, presence and prestige, especially in view of Chou En-lai's visit in 1964.	F (6), (1).
Cyprus	December 1963—Fighting breaks out between Greeks and Turks.	F (3).
	1964—Soviets support position of Archbishop Makarios against Turks; Soviets supply Greek Cypriots with arms directly and through Egypt.	(1).
Iran	1964/65—Mutually beneficial trade relations established with Soviet Union.	F (1).
	1965—The Shah visits Moscow; era of good relations. Even though Iran was decideldy pro-Western, during 1960's Soviets continually attempted to gain some degree of presence and influence in Iran.	(4).
Burma	During early 1960's—increased Soviet support of General Ne Win's radical/leftist Burma Socialist Program Party (BSPP)—several Communist coups attempted but failed.	C/F (1).
	Mid-1960's—Civil war between Soviet-supported insurgents ("Red Flag") and PRC-supported insurgents ("White Flag").	(2).
Sri Lanka	1960—Leftist Sri Lanka Freedon Party under Mrs. Bandaranaike takes power—increased leftward shift of domestic and foreign policy, though professed nonalined policy by government.	C(1).
	1964—Premier Chou En-lai pays 3-day visit to gain support in border dispute with India; Soviets counter with anti-Chinese rhetoric.	
Congo (Brazzaville)	1963-68—Pro-Marxist civilian government in power; Cubans serve as cadre for training Presidential Guard and People's Militia—this situation produced conflict with the Army until it seized power in 1968.	P (2).
	After 1963, Congo has been a base for Communist and radical subversion in Zaire and southern Africa—arms very likely brought in on Aeroflot aircraft.	C/F (6).
1965:		
Senegal	Soviet interest mainly in acquiring strategically located base at Dakar for shorter route to Latin America.	F (1).
Tanzania	1965-70—PRC heavily involved in economic assistance and development of railroad to Zambian copper mines. Soviets, during 1960's, concerned about PRC influence in Tanzania and East Africa. Aeroflot base at Dar es Salaam important for political, intelligence, and strategic purposes.	F (1).
1966:		
Lebanon	1965—Intense anti-American and anti-West German disorders due to FRG recognition of Israel.	P (2).
	Late 1960's—Beginning of Soviet arms shipments to PLO, much of which was used against Jordan, Israel, and Christians in civil war.	F (6).
Japan	Although no political/military consequences, Aeroflot presence in Tokyo a matter of high prestige and visibility Soviets hope entre to Japan would present them with market for IL-62 aircraft.	F (1).
Canada	Soviets hope that route to Montreal would extend across Canada to give them access to Trans-Pacific route.	F (1).
United States	Aeroflot access to United States highly prestigious; symbol of "detente"; hopeful of extending to west coast and Trans-Pacific route.	F (1).
1967:		
Turkey	1967—Intense anti-American feelings, riots over United States opposition to Turkish occupation of portion of Cyprus—possible Soviet attempt to exploit anti-Americanism.	C (2).
North Yemen	Late 1966 resumption of civil war with Egypt (and Soviets) supporting rebels and Saudi Arabia supporting government/royalists.	P (2); F (4).
	Soviet economic aid to North Yemen including development of strategic port of Nudaydeh.	
Cameroon	Mid 1960s to 1970—Communist backed Union of Cameroon People's (UCP) insurgency.	P/C (2).
Nigeria	July 1967 to mid-1969—Nigerian civil war; Soviets supply Nigerian Government with aircraft and other arms against secessionist Biafra (Eastern Region).	L/F (3).
	Soviet Union and PRC in intense competition during 1960's for influence.	F (1).
1969: South Yemen	June 1969—Extreme Marxist wing of National Liberation Front seizes power in coup; internal conflict between pro-Moscow and pro-Peking factions, with pro-Moscow faction victorious.	C (2), F (3), (4).
	1975—South Yemen becomes Communist-dominated Yemen People's Democratic Republic.	(5).
	1970—Soviet influence increases; military aid and support of confrontation with North Yemen and Oman over Dhofar region.	(6).
1970:		
Jordan	1968-70—Increasing power of Soviet-supported PLO against monarchy creates "state within a state."	P/C (2).
	September 1970—"Black September"—Soviet and Syrian backed PLO attempt coup against monarchy.	

TABLE 4.—INTRODUCTION OF AERFLOT SERVICE AND RELATED CRITICAL EVENTS

Date introduced, Aeroflot service and country	Critical event	Remarks [1]
Libya	September 1969—Colonel Qaddafi leads radical coup against monarchy.	P (2).
	June 1970—United States evacuates Wheelus Airbase; British evacuate bases in eastern region at request of Qaddafi.	
	Mid-1970—First order for Soviet tanks negotiated	F (3).
	March 1972—Libya signs "technical" and economical aid agreement with Soviet Union; this agreement probably disguises secret arms deal.	(4).
Laos	1969/70—Intensive North Vietnamese and Communist guerrilla activities in north (Plain of Jars) results in loss of region to government.	P/C (2), (3), (6).
	Fetruary 1970—Souvanna calls fo- reconvening of 1962 Geneva signatories to halt Communist offensive—rejected by Soviet Union.	
	Late 1970—Beginning of Communist offensive which marks final effort to defeat royalist and Neutralist forces.	
1971: Thailand	1970—Height of Communist terrorism in northeast and great concern over North Vietnamese/Communist conquest of Laos and Cambodia.	P/C (2).
1972:		
Bang'adesh	Soviets support Bangladesh independence movements in early 1970's.	C/F (1).
	December 1971—14-day war of independence; Soviet Union supports India in war against Pakistan; Soviet support critical to India's alliance with Bangladesh independence movement. Soviet support of Bangladesh (and India) has virtually eliminated PRC influence in subcontinent.	
Chile	September 1970—Allende's Marxist-backed Popular Unity Coalition wins 36 percent of vote and is confirmed as President.	C/F (2), (1).
	1971—Municipal elections returned 50 percent of vote favoring Allende. August 1972—Anti-government riots; Army takes control.	
	October 1972—Riots over inflation and economic conditions; Army extends control to include most of country.	
	1973—Allende increases leftist political/economic policies.	
	August 1973—Continuing labor unrest/severe government crisis.	
	Sept. 12, 1973—Military coup, Allende overthrown, Aeroflot service to Chile suspended.	
Colombia	January 1972—Strong leftist guerrilla attack on town of San Pablo—Army begins counter-terror campaign. Throughout 1972 continued sporadic g errilla activities in remote and rural regions. There is o known direct or indirect Soviet support for the insurgents though Soviet materiel may be passed through Cuban contacts.	C (2).
1973:		
Equatorial Guinea.	August 1972—President Marcias proclaimed "president for life"—establishes close contacts with Eastern Europe; receives some economic and military aid.	C/F (3), (4).
Peru	1970—Following earthquake, Soviets give substantial aid utilizing Aeroflot—since then, Soviets have persisted in establishing route to Lima via Havana.	C/F (2).
	August 1973—President Velasco overthrown in coup	(2).
	November 1976—Peru signs purchase agreement with Soviets for 22 aircraft, 200 T-62 tanks and other military equipment.	F (3).
	April 1978—Moscow reschedules 80 percent of payment due in 1980 to extend through 1988.	
	1978—6 AN-26 transport aircraft purchased from Soviet Union.	
	1980—Additional 16 Su-22 fighter aircraft purchased from Soviet Union.	
1975:		
Benin (formerly Dahomey).	October 1972—Military Revolutionary government under Colonel Kereku seizes power—increased radicalization.	P (2).
	November 1974—Kereku proclaims that a Marxist-Leninist course would be followed.	
	November 1974—People's Republic of Benin proclaimed.	
Guinea-Bissau	September 1974—Independence from Portugal—immediately afterwards, close ties established with Communist Bloc—small economic aid program from bloc established.	
1976:		
Angola	January 1975—Portugal attempts to establish independent Angola with all parties represented in transitional government—MPLA (supported by Soviet Union) attempts military seizure of power but is opposed by FNLA (supported by PRC and Zaire, and tacitly, the United States).	F (2), (3), (4), (6).
	July 1975—MPLA requests and receives Cuban troops and arms; United States begins supplying arms to FNLA and UNITA in August 1975.	
	October 1975—Aeroflot utilized in transporting much of 15,000 Cuban troops to Angola	C/F.
	By early 1976—Cuban forces defeat FNLA/UNITA in convention combat; FNLA/UNITA begin guerrilla operations.	
	Throughout 1976—Soviets rearm Cuban and MPLA forces; process still continuing.	
Mozambique	June 1975—Independence—Establishment of Marxist People's Republic.	F (3).
	April 1977—U.S. intelligence report sheavy influx of Soviet/East European arms—most likely destined for Rhodesian and South African black liberation forces—Aeroflot utilized for arms shipment.	(5).
Mexico	September 1977—President Portillo announces political reforms which permit Communists to form legal party and participate in elections.	F (1).
1977:		
Ethiopia	September 1974—Radical military junta overthrows monarchy of Haile Selassie.	P (2).
	January 1975/76—Civil war between government forces and Eritrean secessionists.	
	February 1977—Colonel Mengistu seizes power from Provisional Military Government—cuts ties with United States and West.	
	March 1977—Castro visits Ethiopia.	
	April 1977—200 Cuban military advisors airlifted to Ethiopia utilizing Aeroflot aircraft; U.S. facilities closed and military advisors expelled.	
	May 1977—Mengistu visits Moscow—series of military and economic agreements negotiated.	C/F (3).
	July 1977—Heavy fighting breaks out between Ethiopia and Somali "Liberation" forces.	
	September 1977—$500 million arms agreement signed with Soviet Union (48 MiG aircraft; 200 T-54/55; SAM and ATK missiles).	
	November 1977—Soviets begin large scale arms and personnel airlift—Aeroflot aircraft plays significant role in airlift; by January 1978, estimated 2,000 Soviet and surrogate advisers arrive.	
	May 1978—Ethiopia receives 224 MiG's—launches counteroffensive against Somali forces.	
	November 1978—U.S.S.R.-Ethiopia sign long term Treaty of Friendship.	C/F (5).
Zambia	Mid 1970's—Zambia accepts Soviet/East European military equipment for Rhodesian black liberation forces Soviet Aeroflot aircraft most likely utilized to transport arms to Zambia.	P/C, F. (6).
1978:		
Jamaica	December 1976—Leftist Premier Minister Manley assumes power with large majority.	F (1).
	April 1979—Manley flies to Moscow to establish closer trade and economic ties.	

[1] Critical event occurrence:
P—Prior to Aeroflot service;
C—Concurrent with Aeroflot service;
F—Following Aeroflot Service.

Type of critical event:
(1) Soviet: "Show the Flag:" political symbolism; prestige; power projection; presence/visibility; operations center (civil aircraft).
(2) In-country: revolution; coup; guerrilla/insurgency; violence; intense political instability/conditions of "near anarchy."
(3) Soviet: Military assistance (grants/purchase)—direct or indirect, overt/covert, to include materiel/personnel; military aid missions; surrogate forces; military production rights.
(4) Soviet: Economic aid; trade agreement; technical assistance programs; developmental programs.
(5) In-country base agreement: usage of facilities; establishment of monitoring facilities.
(6) In-country support of external insurgency/subversion and terrorism.●

RECESS RESOLUTION HELD AT DESK

Mr. TOWER. Mr. President, I ask unanimous consent that the recess resolution be held at the desk pending further disposition.

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

PROGRAM FOR THURSDAY

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, I now have a further unanimous-consent request to make in respect to the business for tomorrow. This has been cleared with the distinguished minority leader and a greater number of Senators.

We will convene at 7 a.m. tomorrow. At approximately 7:02 a.m., but for the sake of assigning nominal time, I ask unanimous consent that at 7 a.m. the Senate proceed to the consideration of the Moynihan amendment on which there be a time limitation of 20 minutes to be equally divided, to be followed by the Heinz amendment on which there will be a 20-minute time limitation to be equally divided, to be followed by the Garn amendment on which there be a 20-minute time limitation equally divided, to be followed by a Proxmire amendment on which there be a 10-minute time limitation equally divided, to be followed by a Roth amendment on which there be a 30-minute time limitation equally divided, to be followed by a Glenn amendment on which there be a 1½-hour time limitation to be equally divided, to be followed by a DeConcini amendment on which there be a 20-minute time limitation equally divided, to be followed by a second DeConcini amendment on which there will also be a 20-minute time limitation to be equally divided.

Mr. President, I ask unanimous consent that in each case that the time be under the control of the mover of the amendment, the prime sponsor of the

amendment for the proponent and under the control of the distinguished manager of the bill on behalf of the majority in opposition.

The PRESIDING OFFICER. Without objection——

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, in the event that any of the aforementioned amendments is in the first degree, is it understood, may I ask the majority leader, that included in his order is the provision that second-degree amendments would not be locked out?

Mr. BAKER. Mr. President, if the amendment is to an amendment which is in the first degree, if it is a first-degree amendment, that is to say, it is an amendment to a committee amendment which can be treated as a first-degree amendment, this order will not apply to preclude second-degree amendments.

The PRESIDING OFFICER. Is there objection?

Mr. TOWER. Mr. President, it seems to me as if the time here, including record votes, might take us up to the hour of 1 o'clock. Does that mean if that is the case that Senators who are not sequenced in here this evening will be barred from calling up their amendments and getting a vote on them?

Mr. BAKER. Mr. President, may I advise the Senator from Texas that that is not my intention. I believe there is already an order for a vote on the conference report at 11, and this listing is to approximate the time required to debate these amendments until approximately 11 o'clock.

It is my full intention tomorrow, when we meet at 7, to confer further with the distinguished minority leader and other Senators in an effort to sequence the other amendments with which the Senator from Texas is familiar, and to make provision for them to be sequenced in other ways. Many Senators who are not available at this time have to be consulted.

All I am attempting to do is to alternate a sequence of Republican and Democratic amendments to begin approximately at 7 o'clock and to continue until approximately 11 o'clock without prejudice to other amendments, to the remainder of the amendments.

Mr. TOWER. So those who are not sequenced here will be protected?

Mr. BAKER. Mr. President, I must say in all candor not necessarily. It is my hope that they will be protected, but I will also say to the Senator from Texas that nothing I am doing here I believe jeopardizes the rights of any Senator who wishes to proceed with his amendment past the hour of 11 o'clock. There will be no votes before 11 o'clock.

Mr. TOWER. The Senator from Texas is unclear as to whether or not there will be an opportunity for Senators who are sequenced, perhaps by subsequent agreement, to bring up their amendments if the hour of 1 o'clock arrives before any amendments have been disposed of other than two or three.

Mr. BAKER. Mr. President, it is my hope that the 1 o'clock problem can be disposed of tomorrow. It cannot be disposed of tonight. It is my hope as well that we can make provision tomorrow for the disposition of amendments which have not been dealt with by 2:30. But that also cannot be done tonight I am advised so I did not include those provisions in the unanimous-consent request that I have now put.

I understand the anxiety of the Senator from Texas, and I assure him I will do all in my power to see that his amendment and other amendments that have been listed are dealt with fairly and there is an opportunity to dispose of them, although in all frankness it may be without debate or with very limited time for debate. But I must tell my friend from Texas that it is not possible to make that arrangement this evening. I hope he will take a chance with me and others to make those arrangements tomorrow.

Mr. TOWER. The Senator from Texas would be happy to bring up his amendment tonight and not do any more about it, to be helpful to the Senator from Tennessee.

Mr. BAKER. I am aware of that, and I appreciate the offer. But the Senator from Texas may also be aware that certain other Senators would be very much opposed to this move at this time, and I am obligated to protect their interests as well.

So, Mr. President, I renew my request and I hope Senators will not object. This is the best we can do. While it is not perfect at least it is progress.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, some of the aforementioned amendments are subject to a point of order by virtue of the conference on the budget report not having been adopted. In view of the fact that the conference on the budget report will not be adopted until after the vote will have occurred under the order on some of the amendments, would those amendments in the meantime be subject to a point of order?

Mr. BAKER. Mr. President, might I respond to the minority leader by pointing out that the vote on these amendments will not occur until after the conference report has been disposed of. I suppose if there was a point of order that could be made against them that it could be made at any time, but I would be prepared to provide that if any point of order would lie or is asserted against any of these amendments that the point of order be deferred until after disposition of the conference report.

Mr. ROBERT C. BYRD. That would be agreeable.

Mr. BAKER. I amend my request in that respect.

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

Mr. BAKER. I thank the Chair. Mr. President, I thank all Senators. I will be here at 7 in the morning and we will try once again to see if we can arrange for the remainder of the day.

RECESS UNTIL TOMORROW, THURSDAY, MAY 21, 1981, AT 7 A.M.

Mr. TOWER. Mr. President, I ask unanimous consent that, pursuant to the previous order, the Senate stand in recess until 0700 hours tomorrow morning.

There being no objection, the Senate, at 9:50 p.m., recessed until tomorrow, Thursday, May 21, 1981, at 7 a.m.

NOMINATIONS

Executive nominations received by the Senate May 20, 1981:

INTERNATIONAL COMMUNICATION AGENCY

James B. Conkling, of California, to be an Associate Director of the International Communication Agency, vice Mary G. F. Bitterman, resigned.

COUNCIL OF ECONOMIC ADVISERS

William A. Niskanen, Jr., of California, to be a Member of the Council of Economic Advisers, vice George C. Eads, resigned.

DEPARTMENT OF STATE

The following-named persons for appointment as Foreign Service officers of class 2, Consular Officers, and Secretaries in the Diplomatic Service of the United States of America:

Kenneth W. Plummer, of Massachusetts.
Molly K. Williamson, of California.

For appointment as Foreign Service officers of class 3, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

Mirta Alvarez, of California.
Anita D. Banks, of Maryland.
Irene M. Barbeau, of Maryland.
Dalton C. Bohnet, of California.
Julee A. Brand, of Nevada.
Janet G. Buechel, of Washington.
Marie D. Burke, of New Jersey.
Thomas E. Cairns, of Louisiana.
Janet Lorraine Crist, of Illinois.
Michael G. Cutter, of Virginia.
Walter N. Davenport, Jr., of the District of Columbia.
Lyle A. Dittmer, of Washington.
Linda L. Donahue, of Florida.
James E. Flynn, of California.
Lino Gutierrez, of Florida.
Diana E. Henshaw, of Michigan.
James E. Horn, of Texas.
Sharon V. Hurley, of Kentucky.
Howard F. Jeter, of the District of Columbia.
David C. Joyce, of Pennsylvania.
Howard Charles Kavaler, of the District of Columbia.
George C. Lannon, of Texas.
Wayne K. Logsdon, of Washington.
Alphonse Lopez, of Iowa.
Gladys K. Lujan, of Virginia.
Donald J. Lynch, of Florida.
Vincent V. Mayer, Jr., of Utah.
Ward D. Morrow, of Pennsylvania.
Kathleen J. Mullen, of Pennsylvania.
Janet Petronis, of New Jersey.
Don Carlos Pierson, of Ohio.
Thomas Joseph Rice, of Washington.
Charles O. Skellenger, of Iowa.
Lorraine Takahashi, of California.
Eugene A. Trahan, Jr., of Louisiana.

For appointment as Foreign Service Information officers of class 3, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

Charlene Cecilia Duline, of Indiana.
Victoria Antoinette Rose, of California.

For appointment as Foreign Service officers of class 4, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

Philip Norman Antokol, of Maryland.
Barbara E. Belsito, of Florida.
Nancy Boshoven, of Michigan.
Warrington E. Brown, of New Jersey.
James Louis Bruno, of New York.
David R. Burnett, of Idaho.
Kathleen M. Daly, of Maryland.
Joyce A. DeShazo, of Maryland.

Lillian G. Dobsa, of California.
Ben Floyd Fairfax, of Virginia.
Thomas A. Farrell, of Rhode Island.
Michael Bart Flaherty, of Iowa.
William Henry Griffith, of West Virginia.
Marianne U. Gustafson, of the District of Columbia.
Charles Jamison Hall, of Florida.
Suneta L. Halliburton, of New York.
Cynthia G. Hanson, of California.
Allen Sung Hu Kong, of Nevada.
Roderick C. Mackler, of Virginia.
Sandra J. Marsden, of Florida.
Gail Dennise Thomas Mathieu, of New Jersey.
Gillian Arlette Milovanovic, of Pennsylvania.
Sterling Persons, of Illinois.
Thomas L. Price, of Missouri.
Gary C. Pritchard, of Ohio.
Lawrence Kerr Robinson, of Maryland.
Peter F. Romero, of the District of Columbia.
Bryant J. Salter, of Virginia.
Katherine A. Schwering, of Maryland.
Gail P. Scott, of Virginia.
Kenneth Shivers, of Michigan.
Stephanie A. Smith, of Florida.
Michael R. Strachan, of Florida.
Sandra E. Taylor, of the District of Columbia.
Joanne M. Thompson, of Illinois.
William Warren, of Virginia.
Stephanie A. Weston, of California.
Ernestine Wilson, of New York.

For appointment as Foreign Service Information officers of class 4, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

Charity C. Janerette, of Pennsylvania.
William Van Rensalier Parker, of the District of Columbia.

Members of the Foreign Service to be Consular officers and Secretaries in the Diplomatic Service of the United States of America:

Jacqueline P. Anderson, of Maryland.
Edward P. Arrizabalaga, of Idaho.
David Avery, of New Hampshire.
Gordon D. Barnes, of Virginia.
Jonathan S. Benton, of the District of Columbia.
John Morgan Bevan, Jr., of Virginia.
Robert H. Campbell, of Michigan.
Gerri M. Casse, of Georgia.
Jeffrey W. Castelli, of Virginia.
James T. Chiao, of Virginia.
Priscilla A. Clapp, of the District of Columbia.
Helen Marchand Collings, of Connecticut.
Patricia E. Cox, of Virginia.
Gene A. Cretz, of New York.
Paul Grady Degler, of California.
Robert William Dry, of the District of Columbia.
Sharon S. Durkee, of New York.
Victor C. Eissler, Jr., of Virginia.
Glenn E. Ettinger, of Virginia.
David J. Goldberger, of Maryland.
Peter T. Graham, of Florida.
Walter Hage, of the District of Columbia.
Linda C. Hammer, of Virginia.
Richard D. Harrington, of Maryland.
Brent R. Hartley, of Oregon.
Frederic Carl Hassani, of Maryland.
William F. Hasselberger, of the District of Columbia.
David H. Hiley, of Florida.
Frank Arthur Hofmann, of Oregon.
Philip P. Holts, of Maryland.
Carl R. Jacobsen, of Colorado.
Garrett R. Jones, Jr., of Florida.
Edward T. Kata, of New Jersey.
Brian Russell Kelsey, of Maryland.
William G. Kopp, of Virginia.
Lily Kosier, of California.
Josef J. Koza, of Maryland.
John E. Lange, of New York.
Michael L. Lanzing, of Virginia.
William S. Lofgren, of Virginia.
Siria Rosana Lopez, of Florida.
Janice J. Lyon, of Utah.
Michael Vincent McCabe, of Florida.
Peter C. McDevitt, of the District of Columbia.
John H. McGlosson, of Virginia.
Dennis E. McMahan, of Virginia.
Donald H. Miller, of Virginia.
Stephen D. Murchison, of Virginia.
Eric Neff, of Washington.
Roger D. Neff, of Virginia.
Elo-Kai Ojamaa, of New Jersey.
Michael Philip Oreste, of Georgia.
Michael J. O'Toole, of Virginia.
Elaine S. Papazian, of the District of Columbia.
David Peffer, of Texas.
Terry O. Percival, of California.
James D. Pettit, of Virginia.
Maureen Quinn, of New Jersey.
Adolfo Alfredo Ramirez III, of California.
Bernard J. Reneski, Jr., of Texas.
Robert F. Rinehart, of Maryland.
Clifton Roberson, Jr., of Maryland.
Steven Ferenc Sagi, of Hawaii.
John R. Sano, of Virginia.
Elizabeth Worth Shelton, of the District of Columbia.
Ravindar Kumar Sikand, of Florida.
Penelope Williams Snider, of Florida.
Edmund Keith Sutow, of Texas.
Donald M. Terry, of Virginia.
David A. Vanell, of Virginia.
Jack E. Wallace, of Michigan.
Timothy E. Wells, of Virginia.
Polly R. Whalen, of Virginia.
Gail R. White, of Virginia.
John E. Whitehead, of Virginia.
David L. Whitt, of Texas.
Ocassa L. Williams, of Virginia.

Members of the Foreign Service to be Consular officers of the United States of America:

Leonard J. Holsey, of Massachusetts.
Joseph H. Rinker, of Pennsylvania.
Robert J. Salazar, of Virginia.

Members of the Foreign Service to be Secretaries in the Diplomatic Service of the United States of America:

Nicholas G. Benigsen, of Virginia.
James T. Kelley, of Virginia.

IN THE ARMY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 3962:

To be Lieutenant General

Lt. Gen. Charles Maurice Hall [redacted] (age 56), Army of the United States (major general, U.S. Army).

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

To be major

Berger, George W., [redacted].
Blenkush, Severin J. [redacted].
Jett, Edward C., Jr. [redacted].
Kirby, Alan B., [redacted].
Rogers, Gail D., [redacted].
Truesdale, Harry L., [redacted].
Vanhouten, Diether H. [redacted].

To be captain

Abner, Howard C., [redacted].
Albright, Robert L. [redacted].
Alford, Roger W., [redacted].
Allen, James R., Jr., [redacted].
Allen, William W., [redacted].
Almany, Robert J. [redacted].
Anderson, Paul H. [redacted].
Andrews, James H. [redacted].
Angley, Jerry C., [redacted].
Antilla, James A. [redacted].
Applegate, Marshall S. [redacted].
Arguin, Robert L., [redacted].
Askew, Benjamin E., [redacted].
Avery, Sanders L., [redacted].
Axelroth, Philip S. [redacted].
Babiarz, Anthony S. [redacted].
Bagby, William L., [redacted].
Bailey, Clarence E., [redacted].
Baker, David W., Jr., [redacted].
Balcom, Wayne E., [redacted].
Barbee, Larry D., [redacted].
Barker, Arthur J. [redacted].
Barth, Stephen R. [redacted].
Barthelmes, Paul M. [redacted].
Bazinet, Kenneth L. [redacted].
Beaulieu, Maurice [redacted].
Becker, Robert A., [redacted].
Beeks, Donald R., [redacted].
Benson, Richard A. [redacted].
Bielstein, Carola J. [redacted].
Bielstein, Harold R. [redacted].
Bishop, Rene [redacted].
Bishop, Stanley T. [redacted].
Bland, Jimmy W. [redacted].
Blankinship, Edwin A., Jr. [redacted].
Bluff, Ronald W., [redacted].
Boal, Harry S., III [redacted].
Bohling, John W. [redacted].
Bonner, Richard E. [redacted].
Borland, Carter A. [redacted].
Boucher, Brian P. [redacted].
Boucher, Kenneth A. [redacted].
Bowman, Richard L., II [redacted].
Bradshaw, Walter L., III [redacted].
Brandt, Richard W. [redacted].
Braunhardt, Ronald N. [redacted].
Brigman, Marvin J., Jr. [redacted].
Brooks, Robert L. [redacted].
Brown, Ralph R., [redacted].
Brown, Thomas R., Jr. [redacted].
Brumbaugh, Edgar A., Jr. [redacted].
Burk, William H., Jr. [redacted].
Burnside, James M. [redacted].
Burt, William A. [redacted].
Byers, Steven A., [redacted].
Campbell, James E. [redacted].
Cannon, Terry A., [redacted].
Carnes, Daniel K. [redacted].
Carroll, Lynn A. [redacted].
Casasnovas, Miguel A., [redacted].
Casey, Edward P., [redacted].
Chamberlain, Robert A. [redacted].
Chambers, John E., Jr. [redacted].
Charter, David F. [redacted].
Cilmi, Vincent T. [redacted].
Clemons, Larry, [redacted].
Cleveland, John Y. [redacted].
Cline, Gerald L. [redacted].
Clingman, Richard G. [redacted].
Collette, William H. [redacted].
Collins, Richard C. [redacted].
Collins, Ronald L. [redacted].
Cooke, Gary W., [redacted].
Cooper, Dale S., [redacted].
Cope, Billy N., [redacted].
Cottenier, Michael F. [redacted].
Covrett, Ronald L. [redacted].
Crawford, Gary C. [redacted].
Crow, Jerold L., [redacted].
Cutter, Robert F. [redacted].
Dabbs, Roger A., [redacted].
Dailey, Dennis D., [redacted].
Dargavage, Francis J. [redacted].
Davis, John W., [redacted].
Davis, Ryan M., [redacted].
Davis, Thomas M., [redacted].
Degroot, Leonard J. [redacted].
Dehler, Robert J., [redacted].
Demore, Richard A., [redacted].
Derks, Paul V. [redacted].
Desmond, John P. [redacted].
Dillon, Thomas E., [redacted].
Dolter, Paul R. [redacted].
Downing, Dennis L., [redacted].
Downing, Douglas A., [redacted].
Doyle, James J., Jr. [redacted].
Dudley, Randolph F. [redacted].
Duncan, William B., [redacted].
Dutcher, James P., Jr. [redacted].
Earle, Bobby F., [redacted].
Eberhardt, Mervin J., II [redacted].
Ederer, Robert E. [redacted].
Ellis, Roger F., [redacted].
Ely, John S., [redacted].

Engan, James A., [redacted]
Evans, Glenn A., [redacted]
Farley, Allison J., [redacted]
Ferguson, Grady E., [redacted]
Ferguson, Kent I., [redacted]
Fischer, Donald J., [redacted]
Fisher, Donald J., Jr., [redacted]
Fisher, James C., [redacted]
Fleig, Bernard, [redacted]
Foged, Erik L., [redacted]
Fowler, Donald R., [redacted]
Franko, Albert J., [redacted]
Frazer, Gary L., [redacted]
Frederick, Michael L., [redacted]
French, Robert L., [redacted]
Fulps, John W., III, [redacted]
Furedy, Clifton G., [redacted]
Gahr, William F., Jr., [redacted]
Ganger, Thomas J., [redacted]
Gast, Dale A., [redacted]
Gay, Philip H., [redacted]
Geary, Thomas W., [redacted]
Gentile, Anthony B., [redacted]
Glickman, Barry S., [redacted]
Godwin, Steven S., [redacted]
Goebel, Jonathan C., [redacted]
Gorman, David E., [redacted]
Grandy, Richard H., [redacted]
Green, Walter G., III, [redacted]
Greenmyer, Jo., C., [redacted]
Griffin, Stephen W., [redacted]
Grigsby, William H., II, [redacted]
Gurganus, Horace D., [redacted]
Haines, David E., [redacted]
Halcrow, Barry W., [redacted]
Hale, Joseph N., [redacted]
Hall, Joseph P., [redacted]
Hall, Robert L., Jr., [redacted]
Hampton, Horace P., [redacted]
Hanson, Dennis V., [redacted]
Hanson, Larry R., [redacted]
Hardzie, Dennis, [redacted]
Harp, John S., [redacted]
Harris, Douglas E., [redacted]
Harris, Richard L., [redacted]
Hartman, George H., III, [redacted]
Hecox, Glen D., [redacted]
Heenan, Timothy D., [redacted]
Henry, Edward A., [redacted]
Herrera, Ernest D., [redacted]
Hershberger, Robert W., [redacted]
Hibbert, Kenneth B., [redacted]
Higgins, Peter D., [redacted]
Hill, Hugh T., [redacted]
Hinkle, Ronald E., [redacted]
Hinshaw, David B., [redacted]
Hoggard, Douglas A., [redacted]
Hohman, Dennis N., [redacted]
Holloway, Donald R., [redacted]
Hoogstra, William R., [redacted]
Hoppmann, William F., [redacted]
Hoster, Robert L., [redacted]
Houldsworth, Gary L., [redacted]
Howe, John A., [redacted]
Hoy, Michael B., [redacted]
Hrebenuyuk, Boris, [redacted]
Hubbard, Gardiner G., [redacted]
Hughes, Edward W., [redacted]
Humphries, Wade C., [redacted]
Hunter, Hillard C., Jr., [redacted]
Irons, Charles R., II, [redacted]
Jackson. James L., [redacted]
James, Jesse L., [redacted]
Jedicke, Charles H., [redacted]
Jenkins, Edwin W., [redacted]
Jennings, Ernest R., [redacted]
Jessup, Theodore R., [redacted]
John, Angelo M., [redacted]
Johnson, Donald E., [redacted]
Karuzas, Dennis, [redacted]
Keahey, Danny T., [redacted]
Kean, Thomas R., [redacted]
Kearney, Thomas M., [redacted]
Keida, Richard P., [redacted]
Kelley, Augustus W., [redacted]
Kelly, John F., Jr., [redacted]
Kerr, Philip N., [redacted]
Ketcham, Henry E., [redacted]
Klovans, Juris, [redacted]
Knudsen, Paul J., [redacted]
Kodatt, George A., [redacted]

Lamb, Christopher J., [redacted]
Lambert, Kerrick B., [redacted]
Laska, Edward, Jr., [redacted]
Lemon, Robert F. Jr., [redacted]
Leonard, Harold T., [redacted]
Levendusky, Martin, [redacted]
Lewis, William E., [redacted]
Linck, Richard E., [redacted]
Lockett, Margaret L., [redacted]
Lockwood, Ernest L., [redacted]
Loeffler, Joseph B., [redacted]
Loeffler, Lawrence A., [redacted]
Long, Geral L., [redacted]
Looney, Robert B., [redacted]
Lowe, Morris C., [redacted]
Lowrey, Gerald W., [redacted]
Luers, Michael W., [redacted]
Lunn, Peter W., [redacted]
Machuca, Luis A., [redacted]
Maddox, Jerry L., [redacted]
Malanowski, Alexander J., [redacted]
Markus, Richard J., [redacted]
Masserano, James A., [redacted]
Matthews, Warren J., [redacted]
Mayer, Richard R., [redacted]
Mazzeo, George C., [redacted]
McAllister, Michael S., [redacted]
McAninch, David A., [redacted]
McBride, Marc A., [redacted]
McClure, Robert L., Jr., [redacted]
McCormick, James E., Jr., [redacted]
McElhoe, George C., Jr., [redacted]
McEvoy, James F., [redacted]
McGuire, James W., [redacted]
McMahon, James D., [redacted]
McMahon, Patrick M., [redacted]
McNeil, William R., [redacted]
McPeek, Robert E., [redacted]
Meckler, Dwayne D., [redacted]
Melchisedeck, Jerry L., [redacted]
Metzler, Russell K., [redacted]
Michel, Arthur C., [redacted]
Miller, John M., [redacted]
Miller, Marlyn R., [redacted]
Miller, Stephen A., [redacted]
Minton, Troy E., [redacted]
Minze, Larry D., [redacted]
Mollenkopf, Charles L., [redacted]
Monahan, Jon, [redacted]
Morgan, Richard A., [redacted]
Mullen, Steven R., [redacted]
Muller, Gregory R., [redacted]
Murphy, Kenneth W., [redacted]
Nereng, Norris J., [redacted]
Nettles, Irving, [redacted]
Newell, Thomas R., [redacted]
Nickerson, Timothy J., [redacted]
Nolte, William L., [redacted]
Norby, John I., [redacted]
Nordley, Gerald D., [redacted]
Nutter, Lester A., [redacted]
Olson, Gary A., [redacted]
Olson, Thomas H., [redacted]
O'Neal, Michael R., [redacted]
Ortego, Eddie L., [redacted]
Pack, Allen L., [redacted]
Park, Richard G., [redacted]
Parrish, John W., Jr., [redacted]
Patton, David O., [redacted]
Payton, Terrance L., [redacted]
Peck, George H., [redacted]
Pence, John A., [redacted]
Perry, Donald H., [redacted]
Peters, Eric A., [redacted]
Phillips, James D., [redacted]
Phinney, Gary A., [redacted]
Pierce, James E., [redacted]
Ponder, Judy L., [redacted]
Postell, David F., [redacted]
Price, Larry E., [redacted]
Proctor, Robert W., [redacted]
Pryor, Stephen P., [redacted]
Putnam, Burleigh J., III, [redacted]
Rachal, Leo F., Jr., [redacted]
Rackley, William G., [redacted]
Radcliffe, David P., [redacted]
Rawie, Michael E., [redacted]
Reeve, Daniel E., [redacted]
Reitz, Walter J., [redacted]
Richart, Alfred W., Jr., [redacted]
Roberts, William L., II, [redacted]

Roland, Ronnie D., [redacted]
Romaine, Theodore H., II, [redacted]
Romer, Irving F., [redacted]
Rosenbaum, Gene W., [redacted]
Routch, Jeffrey A., [redacted]
Ruttledge, Dwight C., [redacted]
Savage, Robert D., [redacted]
Saylor, Michael A., [redacted]
Scantlin, Larry W., [redacted]
Schedler, David W., [redacted]
Schliemann, Milford L., [redacted]
Schmidt, Bruce C., [redacted]
Schmidt, David J., [redacted]
Schmidt, Donald F., [redacted]
Schramski, Donald C., [redacted]
Schultz, Ernest W., Jr., [redacted]
Schultz, James T., [redacted]
Scott, Patrick J., [redacted]
Segall, Victor, [redacted]
Shaeffer, Randolph B., [redacted]
Shafer, Jack P., [redacted]
Shaklee, John M., [redacted]
Sharp, Quincy, [redacted]
Shaw, Mark E., [redacted]
Shea, William F., [redacted]
Shockey, Michael E., [redacted]
Shoemaker, David C., [redacted]
Shul, Brian, [redacted]
Sieverding, Michael J., [redacted]
Sievers, Stanley E., [redacted]
Silas, John W., [redacted]
Skinner, Wendell B., [redacted]
Slack, Howard L., [redacted]
Snelgrove, Claude J., [redacted]
Snell, Michael R., [redacted]
Snow, Russell E., Jr., [redacted]
Snowbarger, Wayne H., [redacted]
Sokolowski, Frank P., [redacted]
Spencer, William A., [redacted]
Spies, Charles F., [redacted]
Spisak, John S., [redacted]
Spivey, Cecil W., [redacted]
Steele, Richard H., [redacted]
Stiles, Wayne M., [redacted]
Stobbe, Roy G., [redacted]
Strelau, Lawrence H., [redacted]
Sullivan, John P., [redacted]
Summers, Larry P., [redacted]
Surguine, Freneau B., III, [redacted]
Swain, Robert L. B., [redacted]
Tamayo, Martin M., [redacted]
Tappero, Charles P., [redacted]
Thigpen, Jerry L., [redacted]
Thomas, Larry D., [redacted]
Thompson, James R., II, [redacted]
Thompson, Philip G., III, [redacted]
Thompson, William E., Jr., [redacted]
Thornburgh, Charles E., Jr., [redacted]
Tomich, Richard R., [redacted]
Townsend, Robert E., [redacted]
Traill, David G. B., [redacted]
Tramp, Arthur R., [redacted]
Tresemer, John T., [redacted]
Treubig, Ernest C., Jr., [redacted]
Tribe, Albert H., Jr., [redacted]
Tull, Edward R. S., IV, [redacted]
Tzareff, Donald F., [redacted]
Upton, Craig P., [redacted]
Vanamber, John C., [redacted]
Vanderheyden, Derek K., [redacted]
Vanpelt, David F., [redacted]
Varner, Larry D., [redacted]
Verdoorn, William J., [redacted]
Voss,Carl E., Jr., [redacted]
Vranek, Eric A., [redacted]
Walker, James D., [redacted]
Walker, Ronald P., [redacted]
Walsh, Frederic P., [redacted]
Walters, Robert L., [redacted]
Webb, Thomas M., [redacted]
Wells, Kristin L., [redacted]
Wells, Wesley D., [redacted]
Wheeler, Graydon S., [redacted]
Whinnery, Douglas R., [redacted]
White, Raymond D., [redacted]
Whitelaw, Mark C., [redacted]
Williams, Keith A., [redacted]
Willis, James D., Jr., [redacted]
Willis, James C., Jr., [redacted]
Womack, Eddie G., [redacted]
Wood, Marshall M., [redacted]

Wretschko, Brian W., [redacted].
Wright, Steven E., [redacted].
Yehl, Thomas J., [redacted].
Youmans, Robert L., Jr., [redacted].
Young, William L., Jr., [redacted].
Yurchak, George Jr., [redacted].
Zabel, Dale E., [redacted].
Zaloudek, Michael D., [redacted].
Zinke, Ronald R., [redacted].
Zody, Roger W., [redacted].

To be first lieutenant

Beckett, Mason H., Jr., [redacted].
Blackburn, Thomas D., Jr., [redacted].
Guffin, Robert A., [redacted].
Kirkwood, John T., [redacted].
Lester, Robert B., [redacted].
Middendorf, John K., [redacted].
Pietschman, Jonathan N., [redacted].
Worden, Simon P., [redacted].

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, Title 10, United States Code, with a view to resignation under the provisions of section 8067, Title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

CHAPLAIN

To be Captain

Hawkins, Richard J., [redacted].
Weaver, Billy H., [redacted].

JUDGE ADVOCATE CORPS

To be Captain

Arnold, Dean A., [redacted].
Barton, David F., [redacted].
Bergan, Francis T., [redacted].
Bresnick, William O., [redacted].
Brown, Robert M., II, [redacted].
Camp, John H. Jr., [redacted].
Camp, William J., [redacted].
Card, Larry D., [redacted].
Chachula, Bernard M., [redacted].
Chance, Philip C., [redacted].
Enders, Gary A., [redacted].
Euretig, Joseph G., [redacted].
Gilley, Harold C. Jr., [redacted].
Gunnison, Walter L. Jr., [redacted].
Harley, James A., [redacted].
Harte, John H., III, [redacted].
Head, Craig L., [redacted].
Hedlund, Stephen D., [redacted].
Hill, James R., [redacted].
Hipple, Richard D., [redacted].
Hume, William D., [redacted].
Hunn, David W., [redacted].
Joiner, Michael C., [redacted].
Jones, Wilbert, [redacted].
Kingsford, Edward, [redacted].
Lamb, William H., [redacted].
Leeburg, Kenneth J., [redacted].
Leta, David M., [redacted].
McCormack, Michael G., [redacted].
Miller, Richard H., [redacted].
Morgan, Richard A., [redacted].
Pedrotty, Francis W., III, [redacted].
Poole, Harry P. Jr., [redacted].
Reagan, Robert V. Jr., [redacted].
Seybert, Janet R., [redacted].
Spencer, Robert N., [redacted].
Sprink, Jeffrey L., [redacted].
Taffany, John M., [redacted].
Tepfer, Robert A., [redacted].
Thompson, John R., [redacted].
Thorgren, Richard L., [redacted].
Underwood, William K., [redacted].
Vannorman, Beverly M., [redacted].
Vento, John S., [redacted].
Whittington, Michael C., [redacted].
Wilcox, Charles H., II, [redacted].
Williams, Charles H., [redacted].
Woodhouse, Terry J., [redacted].

NURSE CORPS

To be captain

Andrews, Betty J., [redacted].
Bowser, Linda J., [redacted].
Bryan, Anna A., [redacted].
Damler, Patricia A., [redacted].
Franklin, Kathleen S., [redacted].
Hauke, Irene A., [redacted].
Japar, Susan E., [redacted].
Jensen, Marjorie R., [redacted].
Latona, Catherine M., [redacted].
Moll, Stephen C., [redacted].
Sanker, Joseph H., [redacted].
Sims, Sonia, [redacted].
Sorensen, Dona K., [redacted].
Warmington, Mary F., [redacted].
Wyatt, Sarah L., [redacted].

MEDICAL SERVICE CORPS

To be captain

Gallman, James J., [redacted].
Gath, Henry A., [redacted].
Murray, Robert B., [redacted].
Pearson, Curtis W., [redacted].

BIOMEDICAL SCIENCES CORPS

To be captain

Arnold William R., [redacted]
Cammack, Earl M., Jr., [redacted].
Clewell, Harvey J., III, [redacted].
Coates, Donald D., [redacted].
Dean, David, [redacted].
Dlugensky, Edmund L., Jr., [redacted].
Dukes, William M., [redacted].
Dumouchel, Bruce D., [redacted].
Gilmartin, Michael E., [redacted].
Hollowell, Morris L., [redacted].
Kreager, Robert A., [redacted].
Laird, Thomas B., [redacted].
Meyer, Duane K., [redacted].
Moore, William R., [redacted].
Moyer, David A., [redacted]
Scannelli, Thomas J., [redacted].
Stonecipher, Dale R., [redacted].

To be first lieutenant

Martinez, Perez Roberto, [redacted].
Sherer, Joel L., [redacted].

CONFIRMATION

Executive nomination confirmed by the Senate May 20, 1981:

DEPARTMENT OF AGRICULTURE

John B. Crowell, Jr., of Oregon, to be an Assistant Secretary of Agriculture, vice Malcolm Rupert Cutler, resigned.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

79-059 O - 84 - 51 (Part 8)