SENATE—*Thursday, May 20, 1982*

(Legislative day of Tuesday, May 11, 1982)

The Senate met at 8 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. Our opening prayer this morning will be delivered by the Reverend John J. Hurley, Roman Catholic Mission, Calvinia, South Africa. Rev. Hurley is being sponsored by Senator BIDEN, of Delaware.

PRAYER

The Reverend John J. Hurley, O.S.F.S., Roman Catholic Mission, Calvinia, South Africa, offered the following prayer:

Father, today we join all creation in heaven and on Earth in praising You, our mighty God.

You made humankind to your own image and set them over all creation. Once you chose a people and gave them a destiny. And when you brought them out of bondage to freedom, they carried with them the promise that all people would be blessed, and all people could be free.

It happened to our fathers and mothers who came to this land as if out of the desert, into a place of promise and hope. It happens to us still, in our time, as you lead all Americans to the blessed vision of peace.

And so Father, we ask you to accept the prayers we offer for our Nation and its Senators. By the integrity and wisdom of our Senators, may harmony and justice be secured and may there be lasting peace. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

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

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

Mr. STEVENS. Mr. President, I would like to reserve our leadership time until after the special orders.

Mr. SYMMS. Mr. President, will the Senator from Alaska yield to me?

Mr. STEVENS. Would the Senator like to use some of our leadership time?

Mr. SYMMS. Just 1 minute.

Mr. STEVENS. Mr. President, I yield such time as the Senator from Idaho wishes to use.

APOLOGY TO SENATOR ROBERT C. BYRD

Mr. SYMMS. Mr. President, I had hoped that the distinguished minority leader would be here this morning. I have mentioned this to him personally, but I would like to make an apology to him for an insertion in the RECORD that a member of my staff made on March 9, 1982, making the comment with reference to Senator ROBERT C. BYRD and I having a difference of opinion on a matter of what should be done with respect to the Caribbean Basin.

The statement was put in the RECORD:

> Senator BYRD is attempting to paralyze the President further and bring greater power to his own senatorial office.

For those comments, I wish to apologize to him. I did not say that on the floor of the Senate. My remarks were corrected by a staff member, who put in that part.

What I actually said was that Senator BYRD's amendment was noble for whatever efforts it had; but that I disagreed with it.

I in no way wish to take anything away from what Senator BYRD said for his opinion, and I will and have made the proper corrections in my staff for the mistake that was put in the RECORD.

I said:

> It is going to be necessary for us to do nothing which would in any way weaken the power and authority of our Commander in Chief. That is what I object to in the otherwise nobly intended amendment offered by the distinguished minority leader.

I should just like to say that publicly to him.

Mr. STEVENS. Does the Senator seek to make a correction to the permanent RECORD? Has that been done?

Mr. SYMMS. I am not sure of the details of that. I think it might be a little late. It has already been done, but I just wanted to tell him I am sorry that it happened.

Mr. STEVENS. I would advise the Senator that the permanent RECORD has not been printed. Does the Senator wish to ask unanimous consent to correct the permanent RECORD?

Mr. SYMMS. Mr. President, I ask unanimous consent that in the permanent RECORD the words "and bring greater power to his own senatorial office" be stricken.

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

Mr. STEVENS. Mr. President, I ask unanimous consent that I may reserve the remainder of the time we may have.

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

RECOGNITION OF SENATOR CHILES

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

S. 2543—CRIME CONTROL ACT OF 1982

Mr. CHILES. Mr. President, yesterday Senator NUNN and I introduced S. 2543, the Crime Control Act of 1982. The bill is a package of proposals aimed at fighting crime and drug trafficking.

One title of the bill revises the bail laws, so that persons who are arrested for drug trafficking cannot avoid justice by simply paying bail, no matter how high it is set, and then skipping town. This "revolving door" situation must be brought to a halt if we are serious about stopping the traffic in drugs.

I would like to discuss one example of how this "revolving door" situation has worked in the past, and how a big time drug dealer was able to use the bail system to avoid justice.

Early last year, the drug enforcement administration, in Operation Grouper, was able to make one of the largest drug busts of all time. In a 2-year operation, DEA undercover agents infiltrated several marihuana smuggling rings. With the information they obtained, 155 persons were arrested and over 1.2 million pounds of marihuana were seized. In addition, 3 million doses of quaaludes were seized, along with 30 ships and over $10 million in assets.

One of the persons arrested in Operation Grouper was José Fernandez. Fernandez was alleged to be the chief of two separate marihuana trafficking organizations. His ships picked up the marihuana in Colombia and carried it up through the Caribbean into Southeastern United States. According to DEA, some of these shipments contained as much as 20 tons of marihuana. It is clear that we were dealing with a person who is at the top of the drug trafficking racket.

Bond for Fernandez was originally set at $21 million. However, a month after Fernandez was arrested, he was able to get his bond reduced to $10 million. Then 10 days later, Fernandez was able to get that new bond of $10

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

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million reduced even further. A Federal judge in New Orleans reduced it to $500,000. This last reduction came in spite of the Government's objections.

Mr. President, to most of us $500,000 sounds like a staggering sum for bail. But we must remember that in this instance, we were not dealing with the average criminal. We were dealing with a big time dope trafficker. In fact, estimates indicate that Fernandez may have netted anywhere from $250,000 to $500,000 a month from his drug smuggling operations. When you take that sum, between a quarter and half a million dollars every month, from drug trafficking you can begin to understand the magnitude of the narcotics profits we are talking about. You can also begin to understand why the bail bond laws will never work for people like Mr. Fernandez. As far as they are concerned, paying a bail bond of a half million dollars is nothing more than losing a month's profits. Put yourself in his shoes. Does it make more sense to forfeit a good month's profits or to try your chances at trial, with a possible term in jail facing you?

Mr. Fernandez asked himself that same question last year. It is no surprise that he decided to forgo his profits for a month. One week after his bail had been reduced to a half million dollars, Mr. Fernandez posted bail. To no one's surprise, he did not show up in court several days later when he was supposed to. Today, Mr. Fernandez remains at large. DEA sources believe that Fernandez is currently at large in Spain and was able to reach Spain because he had a false Spanish passport.

Mr. President, as a result of our bail laws, one of the biggest drug dealers ever arrested was able to walk free. We have learned that the key to stopping drug trafficking is to put the people at the top of the drug rings behind bars. Operation Grouper was designed to catch some of the people at the top. It succeeded by arresting José Fernandez. But our bail laws let us down.

One of the provisions of S. 2543 prevents a person arrested on drug charges from getting bail, if that person has a false passport. If this bill had been law, today Mr. Fernandez would be behind bars, instead of at large.

Mr. President, Operation Grouper involved several years in the actual carrying out of that operation. During that time, the Federal Government infiltrated the off-loading provisions—actually, set up the provisions to provide for off-loading of the drugs; and a number of our agents were undercover in that operation.

Those men risked their lives for almost a couple of years. At any time, if they had been discovered, their lives could have been snuffed out.

One can imagine what happens to the morale of a force such as that, which risked their lives, made this kind of bust, seized $10 million in assets and a number of ships and a number of personnel, and then saw the largest crime figure, the top of that operation, be able to walk away and today be free, on the basis of $500,000, knowing that his profits amounted to that every month.

It just shows that we have to do something about our bail laws, and that is one of the propositions we will have in this package. Our laws have to be designed to protect the public. They have to be designed to protect us, and the only way we ever are going to be able to stop these drug operations is to hit the people at the top.

To bring those cases against them is difficult enough. I compliment this operation. It involved DEA, the Coast Guard, Customs, the local and State law enforcement officials from the top to the bottom. It was a very cooperative effort. It went off without a hitch.

When they are able to make these kinds of arrests and seize a person like Fernandez and then have him walk out on $500,000 bond, it shows that we have to do something about our bail laws. The bill before us will allow us to do that.

We will continue to urge this every day by pointing out graphic examples of what is being allowed to happen in crime in this country, until we can pass a package of crime bills such as this to get the attention of the Senate, to see if we can schedule debate and passage of a major crime package, so that Congress can do its job in trying to reform these laws in order to protect our people.

Mr. President, I urge my colleagues to join me in pushing for action on S. 2543, and getting the Senate to move on anticrime legislation.

I yield to the Senator from Georgia.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from Georgia is recognized.

TITLE I, ORGANIZED CRIME ACT OF 1982

Mr. NUNN. Mr. President, I support the Crime Control Act of 1982 and again call the Senate's attention to the public's increasing concern over crime in the United States. Only as recently as 4 weeks ago, Mr. and Mrs. Wallace Brewer of Harlem, Ga., visited Washington for the express purpose of voicing to Congress and the President their wishes and those of their fellow Georgians for stricter and more effective law enforcement legislation. They carried to Washington petitions bearing the signatures of some 9,664 Georgia residents which they had personally collected throughout five rural Georgia counties. Those petitions, ask, in part, that convicts "* * * not be released on technicalities and * * * that the laws [be] enforced more strictly." The Brewers themselves know only too well the need for an improved system of criminal justice: On July 4, 1981, their 7-year-old granddaughter, Alicia Watts, was brutally murdered in McDuffie County, Ga. In November, 1981, an individual was convicted of the murders of Alicia and two other persons and sentenced to death. To date, the sentence has yet to be carried out.

I bring that incident to light as but one indication of the strong public support which exists for effective anticrime legislation. Our bill not only deals with individual acts of violent crime in title III, but also assists, in title I, Federal enforcement efforts against organized crime. Title I is the outgrowth of extensive hearings I chaired in 1980 in the Permanent Subcommittee on Investigations on Organized Crime and the Use of Violence and is virtually identical to S. 814, the Organized Crime Act of 1981, which I introduced in March 1981 with Senator CHILES, and which 13 of my colleagues agreed to cosponsor.

A number of its specific provisions were advocated during our hearings in April and May 1980 by FBI Director William Webster and the then Assistant Attorney General for the Criminal Division, Philip B. Heymann. Their recommendations were amplified by the testimony of other law enforcement officials and the evidence we received.

Our hearings painted an alarming picture of organized crime and its use of violence. As Judge Webster testified, organized crime consists of "various groups engaged in an enormous, structured and deadly serious illegal business that rely on violence to maintain themselves."

Even though organized crime has become richer and somewhat more sophisticated, gang warfare still exists, especially among rival narcotics organizations. We heard testimony that in Dade County, Fla., police investigated 189 murders in 1979 alone—an increase of 81 percent since 1976. Of those 189 murders, 42 were determined to have been drug related. Many of these murders remain unsolved. Most of them apparently resulted from shootouts between rival gangs. This type of open warfare reaches beyond gang members, however, for they have been known to open fire in parking lots and on the freeways of south Florida—thereby endangering innocent bystanders.

Quite often gang wars are carried out through contract killings or murder for hire in which someone is paid to carry out a "hit" on a rival mobster or even a member of the same gang. There have been numerous cases, especially within the fraternity of drug traffickers, in which contracts have been placed on the lives of

judges, prosecutors, and investigators—and especially on witnesses who testify against members of the ring. The brutal slaying of Federal District Judge Wood in Texas was evidence that mob violence is not the stuff of fiction. It is very, very real.

To combat that violence, our bill does the following:

First, we would grant limited Federal jurisdiction over cases involving "contract" killings or murder for hire.

Second, we would amend the Federal assault statute to cover all Government personnel who investigate and prosecute Federal criminal offenses and who gather national security intelligence.

Third, we would make it a Federal crime to harm or threaten the families of Federal law enforcement officials.

Fourth, we would amend the obstruction of justice statute to cover informants and potential witnesses as well as witnesses who actually are under subpena to testify.

Fifth, we would allow the Government to apply for a reduction in the sentence of a defendant who cooperates with the Government.

Sixth, we would permit Federal judges to seal those portions of wiretap documents which could reveal ongoing criminal investigations or wire intercepts.

Seventh, we would allow State and local law enforcement officials limited access to Federal grand jury information when they are assisting in the investigation or prosecution of a Federal offense.

Mr. President, I described this morning just one part of the overall Organized Crime Act of 1982 sponsored by Senator CHILES and myself, and I hope that we will begin to get the attention of our colleagues about the essential steps of beginning to consider this legislation and other related legislation in the law enforcement field.

ORDER RESCINDING SENATOR QUAYLE'S SPECIAL ORDER

Mr. STEVENS. Mr. President, I ask unanimous consent that the order granting the Senator from Indiana (Mr. QUAYLE) 15 minutes be rescinded.

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

Mr. STEVENS. 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. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I yield back the time of the leadership on both sides.

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

RECESS UNTIL 8:45 A.M.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 8:45 a.m. while awaiting the next special order or routine morning business.

There being no objection, the Senate, at 8:29 a.m., recessed until 8:45 a.m., at which time the Senate reassembled when called to order by the Presiding Officer (Mr. SYMMS).

RECOGNITION OF SENATOR LEAHY

The PRESIDING OFFICER. The Senator from Vermont is recognized.

JOHN CROWELL, ASSISTANT SECRETARY OF AGRICULTURE

Mr. LEAHY. Mr. President, a year ago today the Senate was in the midst of considering the nomination of John Crowell as Assistant Secretary of Agriculture for Natural Resources and Environment. I wanted to take a few minutes this morning to follow the time-honored tradition of taking stock, and evaluate his performance over the past year.

As many of my colleagues may remember, there was much consternation that Mr. Crowell, as a long-time employee of the timber industry, would not bring a balanced approach to managing our Nation's forests. Many Senators, myself included, were afraid that appointing someone to manage our forests who had spent the previous 20 years representing one of the country's largest timber companies would be, to paraphrase an expression that has been used for a number of other Reagan nominees, similar to sticking a termite in the woodpile.

Mr. Crowell himself was aware of these criticisms, and during his confirmation hearing before the Senate Agriculture Committee, stated that:

> Fears have been publicly expressed by some and will be expressed here today, that because of my long association with the forest products industry, I am either unlikely to bring or am incapable of bringing a sense of balance to shaping policy-making decisions with respect to the national forests.

He went on to say:

> I would suggest to such critics that they ponder for a bit the meaning of the words "conservative" and "conservation". The conservative is one who tends to preserve established traditions or institutions and who tends to resist changes in those institutions, he is one who acts with caution and who adopts new ideas only after carefully examining their merit. The conservationist is one who advocates and practices protection from loss, avoidance of waste and wise use. I am unabashedly both a conservative and conservationist.

Mr. President, Mr. Crowell's self-proclamation as a conservative and conservationist was a Trojan Horse designed to lull the public into a false sense of security that our national forests are being carefully watched over. But after a quick review of Mr. Crowell's words and deeds as Assistant Secretary of Agriculture, it is clear that he has mounted a full-scale attack.

Has Mr. Crowell shown a willingness to "preserve established traditions or institutions"?

During his first year, he has authorized an overhaul of the regulations governing the National Forest Management Act (NFMA). This act is one of the principal pieces of legislation governing the management of our 120 national forests. The current regulations took 3 years to formulate and were the result of hard-won compromises between the timber industry and conservation groups. That the regulations took 3 years to finalize reflect how difficult the consensus was to attain, and how delicate that balance is. The regulations to which they agreed strengthened and gave teeth to the concept of managing the forest for multiple uses. This means balancing commodity production, such as timber harvests, with consideration for fish, wildlife, water, soil, recreation, and wilderness values.

The new regulations would upset the carefully crafted balance.

I should remind my colleagues that the concept of managing our forests for multiple uses dates well before the passage of the NFMA in 1976. It was first embodied over 20 years in the Multiple Use Sustained Yield Act of 1960. This approach was endorsed again with passage of the Resources Planning Act of 1974. By proposing to overhaul the regulations during his first year in office, Mr. Crowell quickly belied his claim "one who tends to preserve established traditions."

As for labeling himself as a conservative "who adopts new ideas only after carefully examining their merit," Mr. Crowell did not involve himself in the drafting of these important regulations nor did he even review them before they were formally proposed. As he explained in the Washington Post on March 3, 1982, "basically, I had too much else to do."

Mr. President, because I want to be sure that Mr. Crowell has time to carefully reflect on the effects of the regulations which he has authorized, and because I want to be sure that he can have the benefit of the best advice available, I am introducing today a resolution recommending four basic steps:

First. That the Forest Service extend the public comment period for these regulations for another 180 days (the first comment period was for only 60 days).

Second. That the Forest Service hold public hearings around the country to receive testimony from those

who are most familiar with the forests in their areas.

Third. That a committee of scientists be appointed to advise the Forest Service on the scientific effect of these changes, similar to the committee which advised the Service on the promulgation of the original regulations and as called for in the NFMA.

That, if final revisions are published, a supplement to the environmental impact statement that accompanied the 1979 regulations also be published.

A similar resolution has been introduced in the House by Congressman WEAVER.

The 1983 budget proposals show a clear deviation as well from a balanced approach to forest management. While congressional appropriations normally meet about 80 percent of the level recommended in the Resources Planning Act (RPA), this year's budget request would meet about 63 percent of RPA. But consider the disparities: While the number of mineral leases to be granted will represent 130 percent of the 1980 RPA assessment, the number of acres managed for wildlife habitat will reach only 36.5 percent. Where administration of timber sales will total 101 percent of RPA, the acres managed for soil and water protection will equal only 1.3 percent of RPA. Two other areas vitally important to the long-range productivity of our Nation's forests, research and State and private forestry activities, are funded at only 52 percent and 34 percent of RPA respectively. The number of acres available for use by livestock will equal 100 percent of RPA, but the trails maintained for use by people will reach only 10.6 percent of RPA. Mr. Crowell may contend that all multiple uses are equal, it is clear that he considers some uses to be more equal than others.

Based on Mr. Crowell's pledges during his confirmation hearings, we can expect him to "advocate and practice protection from loss, avoidance of waste and wise use." With this in mind, I invite you to examine the portions of his fiscal 1983 budget which reduce funding for land management activities, forest road and trail maintenance, and management for wildlife and fish habitat.

Is it protection when you reduce the soil and water improvement programs from 5,580 acres to 400 acres, or one-fourth of its fiscal 1982 level? Even the Forest Service budget admits that "reducing the 1983 program to 400 acres postpones the time when the deterioration of these lands—that is, the acres not being treated—will be stopped and their productivity restored."

Although it looks as if reforestation activities will be increased, in fact 20,000 less acres will be reforested compared to 1982, and 97,000 acres less than 1981. This will bring the total backlog to over 1.7 million acres.

As for Mr. Crowell being an advocate of protection, we should heed his statement before the House Public Lands Subcommittee. When asked whether he would leave any minerals or "one drop of oil" in the ground for future generations, he replied with an unequivocal "no."

That is not really a conservative or conservationist attitude.

Mr. Crowell has become the leading advocate of "supply-side forestry," stressing the need to apply economics to forest management decisions. He believes that offering a near-record level of timber sales this year will be his contribution to "getting this economy moving again." Not surprisingly, his economic forecasts to justify this approach are no less rosy than those that have been used to justify the administration's overall supply-side theory—and the results will probably be as disastrous.

For example, by increasing timber sales 11 percent, Mr. Crowell plans to reap an amazing increase of 60 percent in receipts to the Treasury.

I think he has found that magical formula that people looked for throughout the Middle Ages, that they could somehow turn lead into gold. These assumptions are literally too good to be believed.

Mr. Crowell proposes selling 12.3 billion board feet of timber in 1983, a near record level. This high level has two main purposes: To insure we are prepared for the eventual housing boom and to boost the ailing timber industry. Worthy intentions, but rosy and deceptive.

I have great difficulty in understanding such a high level of sales when we already have over 35 billion board feet of timber that has been sold on the National Forest but that has not yet been cut. This equals a backlog of over 3 years' worth of timber. Even if by some miracle interest rates plummeted and housing construction revived, this record backlog of uncut timber gives us more than ample cushion.

As for assisting the timber industry, we need to remember that only 25 percent of the Nation's timber comes from national forests, mostly in the Northwest. Only a few companies are heavily dependent on this timber. Offering large sales may result in lower prices, but this will only place the producers of the other 75 percent of our timber supplies at a competitive disadvantage. The principal problem facing the timber industry is the lack of demand, not lack of supply.

The National Association of State Foresters has strongly criticized the Forest Service's proposal and scoffs that this level of timber sales will aid the industry. They argue that if additional Government timber is placed on the market in the Northwest in fiscal year 1983 it will further depress sale prices of timber offered for sale by private nonindustrial forest land owners all over the United States. Reduced revenues will have a serious effect on reforestation and stand improvement practices on all nonindustrial forest land. * * * The simple fact is that the Forest Service has the bulk of the old growth timber in the Northwest. Industry wants to have access to this timber at bargain prices and get out of high-priced contracts executed earlier. It amounts to a subsidy to the industry in the Northwest. This does not help the depressed timber industry in other parts of the country.

If we are expected to apply economics to our analysis of the Forest Service, what kind of economic theory can lower the price of timber that is sold, yet increase revenues to the Treasury by an amazing 60 percent? How is it that users of our national timber supplies are having their costs reduced, while citizens using the forests for recreational purposes will have their fees increased?

Mr. President, I think the record clearly shows that John Crowell is not the conservative nor the conservationist as he announced at his confirmation hearings. During his first year as Assistant Secretary of Agriculture he has promoted and authorized policies which sharply deviate from standard past practices of the Forest Service. He has placed the short-term interests of the timber industry, and a select portion of the industry at that, ahead of the long-term interests of our national forests and of the citizens of this country. This review shows that my worst fears, and those of my colleagues who joined me in opposing Mr. Crowell's appointment a year ago, have been confirmed.

● Mr. KENNEDY. Mr. President, 1 year ago today, I stood in this Chamber and strenuously opposed the confirmation of John Crowell as Assistant Secretary of Agriculture for Natural Resources and Environment. My opposition was based both on Mr. Crowell's approach to environmental issues and his possible involvement in major antitrust violations arising out of the activities of his former company in Alaska.

Regrettably, Mr. Crowell's actions during the past year reveal that he has wasted no time in undoing the sensible forest management policy which took years to develop. To justify his regressive policies, he invokes the familiar administration refrain of "regulatory reform." But close examination of Mr. Crowell's proposals reveals that his so-called reform is really a return to the abuses of the past.

In 1976, in response to major abuses in the management of our national forests—including severe overcutting,

unacceptable logging practices on steep slopes and fragile soils, massive destruction of wildlife habitats and "sweetheart" timber sales that cost the Treasury millions of dollars in revenue losses every year—Congress enacted the landmark National Forest Management Act. This legislation was the most significant revision of our forestry laws since the national forests were established in the late 1800's. The principal purposes of the act were to correct the abuses of timber harvesting in national forests and to limit timber production on land that is environmentally fragile and economically unproductive.

The National Forest Management Act expressly requires that timber harvesting be conducted "in a manner consistent with the protection of soil, watershed, fish, wildlife, recreation and esthetic resources." It directs the Forest Service to "identify lands which are not suited for timber production, considering physical, economic and other pertinent factors to the extent feasible." Lands so identified are not to be managed for timber production.

After extensive drafting and redrafting, the Forest Service in 1979 adopted rules to implement the National Forest Management Act. Opposition to the approach taken in the 1979 rules was led by Mr. Crowell, who was general counsel to Louisiana-Pacific and was representing the National Forest Products Association.

In March 1982, as Assistant Secretary for Natural Resources and Environment, Mr. Crowell proposed sweeping changes in the 1979 regulations. Those changes would give the timber industry the victory in 1982 that was denied in 1979.

The so-called streamlined regulations proposed by Mr. Crowell would:

Allow for rapid increases in cutting of old growth timber, by eliminating the safeguard that the Chief of the Forest Service must personnally approve any departure from sustained yield harvesting. The principle of sustained yield requires that timber cannot be cut at a rate faster than it can be regrown. The new proposed rules send a clear signal that accelerated timber cutting is acceptable without regard to the cost or feasibility of reforesting. This is a reckless, unnecessary policy. The housing industry is depressed; there is already a backlog of 34 billion board feet of timber which has been sold but not felled. The administration's efforts to step up timber sales, like its efforts to accelerate OCS oil and gas lease sales, is a clumsy and short-sighted effort that threatens the future of our forests and achieves no valid economic goal;

Weaken the process for determining the suitability of lands for timber production, by establishing a low, nationwide biological growth standard to define commerical timberland. This change will result in too much timber being harvested on lands where regeneration is less likely to occur;

Eliminate "integrated pest management" as the principle for dealing with insect and other pest problems. IPM uses nonchemical practices and biological controls to reduce use of chemical pesticides and herbicides and other toxic substances to combat insects and other pests;

Weaken protection for fish and wildlife, by eliminating the requirement that habitat for especially valuable species like trout or elk be maintained or improved. Forest management plans which result in substantial reductions in fish and wildlife protection would be allowed, as long as species extinction did not result.

The proposed rules would institutionalize the shift in management priorities contained in Mr. Crowell's 1983 budget request, which increases timber harvest targets at the expense of watershed protection and trails. For example, although national forest trails receive extensive visitor use, Mr. Crowell has proposed cutting the maintenance funds for the 100,000 miles of trails through national forests by almost one-half. And his request for watershed protection is only 1.3 percent of the Resources Planning Act target figure, while his requests for minerals development and timber harvesting exceeds 100 percent of the RPA budget.

The prime beneficiary of these proposed changes is the timber industry. And Louisiana-Pacific, in particular, will realize greater benefits than the timber industry in general, because of its heavy dependence on national forest timber.

Congress must not stand silent while years of progress in the management of our national forests are rolled back. I join Senator LEAHY today in offering a resolution expressing the sense of the Senate that the Secretary of Agriculture should provide additional opportunities for public comment on the proposed new regulations for management of our national forests, and should prepare a supplementary environmental impact statement examining the serious environmental effects of the changes proposed by Mr. Crowell.●

NATIONAL FOREST MANAGEMENT ACT

Mr. LEAHY. Mr. President, I am submitting a concurrent resolution today to express my concern about revisions which were recently proposed to the regulations guiding the National Forest Managment Act (NFMA) of 1976, I am joined in this concurrent resolution by Senators KENNEDY, HART, CRANSTON, STAFFORD, and MOYNIHAN as cosponsors.

A similar concurrent resolution, House Concurrent Resolution 344, was submitted on May 13 in the House by Congressman WEAVER.

The NFMA is one of the principal pieces of legislation governing the management of our national forests. The current regulations took 3 years to formulate and were the result of hard-won compromises between the timber industry and conservation groups. That the regulations took 3 years to finalize and reflect how difficult the consensus was to reach, and how delicate that balance is.

It is unnecessary and premature to alter these regulations just 2 years after they were instituted. The administration claims that these changes will only "clarify" and "streamline" the planning process, but it is clear that what it terms "editorial changes" will weaken the NFMA and in some cases deviate significantly from what Congress intended the act to accomplish. There is no basis for claiming that the present guidelines are not working, since none of the Nation's 120 forests have had time to finalize or implement their management plans under the regulations.

Despite the significance of these changes, they were drafted without any prior notice to the general public. Even though the comment period lasted only 60 days, public reaction has been vocal and voluminous. At least 1800 responses were received, many of which were from those involved in the drafting of the original regulations.

Mr. President, I believe that these changes deserve careful reflection and a thorough, informed assessment of their potential impact.

The concurrent resolution which I am submitting today calls for the comment period to be extended for another 180 days. I am also calling for public hearings to be held around the country so that the Forest Service can receive firsthand testimony from those who will be directly affected by the changes. The concurrent resolution recommends that a Committee of Scientists be formed to advise the Forest Service of the impact of the changes in the regulations. This was the recommendation of the Committee of Scientists who aided in the drafting of the original regulations, as called for in section 6(h)(1) of the act. Finally, if any final revisions are published, a supplement to the environmental impact statement accompanying the original regulations should also be issued.

I am including for the RECORD a very persuasive letter from the distinguished director of the Department of Forestry at North Carolina State University, Mr. Art Cooper, commenting on the proposed changes. His remarks are especially significant since they are based in large part on his experience as chairman of the Committee of

Scientists which assisted the Forest Service in issuing the original regulations. His analysis is particularly thoughtful and articulate.

I ask unanimous consent that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the Record, as follows:

NORTH CAROLINA STATE UNIVERSITY,
SCHOOL OF FOREST RESOURCES,
Raleigh, April 22, 1982.

Mr. R. MAX PETERSON,
Chief (1920), U.S. Forest Service, USDA, Washington, D.C.

DEAR MAX: I am reluctantly commenting on changes in the regulations prepared pursuant to the National Forest Management Act to guide land and resource planning in the National Forest System as they have been proposed in the Federal Register, February 22, 1982, pages 7678-7696. My comments are based upon my experience as Chairman of the Committee of Scientists, appointed pursuant to Sec. 6(h) of the National Forest Management act to advise the Forest Service on preparation of the regulations. However, the comments contained in this statement are my own, do not reflect the views of any other committee members, and have not been discussed with them.

My views are presented reluctantly because I had hoped that it would not be necessary to comment on proposed changes in the regulations so soon after they were put into effect in October 1979. As the Committee of Scientists stated in its final report (Federal Register 44(181):53976), "The task is now to make that process [land and resource management planning] work. We trust that both Congress, and the various groups with interests in management of the National Forests, will allow the planning process to be implemented and allow it to deal with critical management problems." Obviously, our plea has not been heeded. Furthermore, the changes that have been proposed in the regulations do much more than "clarify and simplify planning procedures" as is stated in the material (p. 7679) explaining the proposed changes. Some changes do clarify and simplify the process and some improve it. Others, however, change the intent of the regulations and several go so far that they effectively change Congressional intent as expressed in the National Forest Management Act.

When a job is done one hopes that it is completed. Those of us on the Committee of Scientists hoped that when we were discharged it would not be necessary for us to inject ourselves into further debate about the regulations. My hopes in this regard were not met and I feel obliged to express my views concerning the content and intent of the proposed changes. Although I was asked to react by several persons representing different groups, my decision to comment was not precipitated by any of them. Rather, it was precipitated by my own belief that, because I had been so closely involved in the development of the first regulations, I had an obligation to comment. Furthermore, my comments may help clarify some of the intense debate that is bound to occur before the proposed changes are ultimately resolved.

Before commenting on substantive matters I want to comment on the procedures by which the proposed changes were developed. As I understand it, the revision process was carried on entirely within USDA and without any notice to the public and without any opportunity for public involvement. Input, as I understand it, was sought from the timber industry but other groups with legitimate interests in management of the National Forests were excluded.

If these statements are true, as I understand them to be, a serious procedural and ethical error has been made. The great value of the Committee of Scientists was not that it was "wise," but that its existence and meetings offered a legitimate means whereby both industry and environmental groups could participate and influence the drafting of the regulations. The Committee's meetings were entirely open and, as chairman, I diligently strove to see that all views whether I agreed with them or not, were aired and considered. The timber industry benefited from this openness and there are provisions in the regulations now that otherwise would not have been there. It is my opinion that much of the reason that the original regulations were accepted to the extent they were is that all parties realized the process was open and that their views were fairly considered. To revise a set of regulations that is as important as these without public involvement is to beg for trouble and invite opposition to the changes. Furthermore, I will be frank to say that I resent the change in policy with respect to openness in this particular process.

You will recall that the Committee of Scientists recommended that the regulations require involvement of a similar sort of committee whenever the regulations were revised. The Forest Service may have cause to regret omitting that provision.

My remaining comments will be directed in two areas: (1) changes in provisions of the regulations and their positive and negative impact on the planning process, and (2) the changes in philosophy that one detects when one considers the proposed changes in their totality, rather than as single isolated modifications.

I cannot comment on all of the specific changes in the regulations. I will comment on certain areas with which I am familiar and on certain areas I feel are critical.

(1) I disagree with deletion of 219.1(b) from the original regulations as this change does more than remove "unnecessary language." The material deleted contains important statements of policy which serve Forest Service planners and the public alike as philosophical guides for management of the National Forest System. In its report (Fed. Reg. 44(88):26604) the Committee of Scientists developed in detail the argument for including policy statements in the regulations. I see no need to recant those arguments now. The statements at issue are important principles and they should be left in.

(2) I agree with separation of the Regional and Forest Planning processes as proposed in the revised regulations. Regional and Forest plans are sufficiently different so that forcing them into the same planning process was probably unwise. Experience with Regional plans, as I understand it, substantiated this view.

(3) I am deeply concerned about the changes proposed in the Public Participation section. The original regulations were written to state the purpose of public participation and to provide standards for participation activities. The intent was to provide planners with standards they must meet and the public with the "rules" by which it could become involved in planning. Most of the specificity has been removed and replaced with vague statements that can be interpreted in a variety of ways. Although a full, and open, public participation process is still possible under the proposed regulations, it is also possible that public participation can be drastically reduced from what was previously required and still meet the new standards. Therefore, I cannot support the proposed changes.

(4) I am similarly concerned about changes in the Coordination section. The language eliminated is not "nonsubstantive." It is directive, articulates policy, and is therefore necessary for competent coordination among government agencies. Again, a coordination effort fully meeting the intent of the original regulations could be generated under the revision. An effort of much more limited scope hardly providing effective coordination would also be possible. Insofar as that is the case, the regulations have been weakened.

(5) A new section identifying the content of the Regional Plan is appropriate (new 219.9). However, some of the important provisions of the Regional Plan required in the old regulations have been deleted. For example, it is no longer necessary to prescribe standards for minimum growth potential (an arbitrary standard is included elsewhere in the revision) or units of measure for expressing mean annual increment in the regional plan. Furthermore, the minimum standard for defining when an opening is no longer an opening is such that a stand of seedlings could be considered as a new forest stand. Although this criterion can be made more demanding in the Regional Plan, it sets such a low standard that one can easily envision new clear cuts being made immediately adjacent to stands less than 5 years in age.

(6) A new criterion for analyzing and choosing among alternative management strategies, "net public benefits," permeates and proposed regulations. I have searched RPA, NFMA, and the Multiple-Use and Sustained Yield Act and nowhere do I find "net public benefits" mentioned as a decision criterion. It is clear that it has come from the present administration's guidelines for streamlining the regulatory process (see Fed. Reg. 47(35): 7679). Insofar as that is the case, it represents replacement of Congressional intent with an executive branch criterion and is inappropriate.

Although it can be argued that "net public benefits" is merely an expression of the kind of balanced decision making envisioned in NFMA, and is therefore consistent with multiple use, the danger lies in its application and in the data used to support decisions. The definition of "net public benefits" makes it clear that both quantitative and qualitative benefits and costs will be considered. However, the process by which this balancing is to be done is nowhere explained. The process of formulation of alternatives and estimating their effects (proposed 219.12(e) (f) and (g)) is so heavily ladened with economic analyses (costs and benefits, present net worth, gross returns to the Federal Government, opportunity costs) that one can hardly escape the conclusion that these are intended to dominate the decision process. Although NFMA clearly intended for the Forest Service to improve economic analysis of its activities, it did not intend for economic criteria to rule the decision process. To the extent that better economic analytic procedures are incorporated, one can support the proposed regulations. However, such procedures so thoroughly

dominate the proposed regulations that one can reasonably conclude that they are intended to dominate decision-making also.

(7) Changes have been made in the section dealing with timber harvest scheduling (proposed 219.13(d)) that upset the rather delicate structure of that section in the original regulations. Whereas the original regulations clearly established that departures from the base timber harvest schedule were the exception (as I am firmly convinced Congress intended) and required that they be approved by the Chief, the proposed regulations shift the entire decision-making process in favor of departures. Specifically: the emphasis on net present worth in conjunction with the new trigger for considering a departure ("It is reasonable to expect that departure from the corresponding base sale schedule would increase net public benefits") greatly increase the likelihood that alternatives containing departures will be approved; although the base harvest schedules are constrained to non-declining even flow, planners are not constrained by even flow considerations in analyzing the management situation; the level for approving departures has been moved down to the Forest Supervisor and he, in fact, has the flexibility to change harvest levels even to the extent of incorporating a departure without public comment when there is a difference "between planned annual budgets and funds actually appropriated" (proposed 219.10(e)).

The aggregate effect of these changes is to shift the entire analytic and decision-making process in favor of departures and thus represents a direct contravention of the intent of Congress.

(8) To my great regret constraints on consideration of areas for wilderness designation are included in the proposed regulations. The inclusion of an arbitrary 5,000 acre limit for an area to qualify for wilderness designation is inappropriate, unsupported by any legal or technical criteria, and simply bad planning.

Finally, I commend to you the comments of my colleague on the Committee of Scientists, Bill Webb, as contained in his letter to you of April 8, 1982. He has pointed out some of the same concerns I have, and has identified a number of additional areas where important changes have been made. I have deliberately not commented about changes in wildlife and diversity because his views and mine are essentially identical and I endorse them.

Clearly, then, the proposed regulations are a mix of changes, some of which are desirable but most of which appear to me to upset the carefully struck balance between environmental and industrial interests that was reflected in the original regulations. The Committee of Scientists interpreted the National Forest Management Act as an effort to require the Forest Service to prepare regulations to govern a planning process that offered an opportunity to balance the desires of the various groups with interests in management of the National Forests. Every effort was, therefore, directed in preparing the regulations to reflect this philosophy. To the extent that the proposed regulations upset that balance they represent a source of conflict rather than a means to resolve it and thus bode ill for the National Forest System.

Those who drafted the revision of the regulations contend that the proposed changes are editorial, deletions of unnecessary language, and minor technical revisions. This contention may be true for each individual change. However, when the changes are considered in their entirety, they take on a very different complexion. Specifically, changes involve, but are not limited to: preparation of the revision entirely without notice and public participation; deletions of language that describes important principles for management of the National Forest System; reductions in the specificity of language pertaining to public participation and coordination which open the way to much less substantive actions in these areas; inclusion of a new criterion for decision-making, net public benefits, that has no statutory basis; injection of economic analyses into the framing and evaluation of alternatives in a way that sets the stage for quantitatively-assignable economic values to dominate the process; changes in the timber harvest section that shift the burden of proof from those favoring departures from non-declining even flow to those opposing them in a manner quite contrary to Congressional intent; and injecting a criterion for defining the minimum size of areas to be considered for wilderness in future planning that is indefensible and unnecessary.

One is, therefore, compelled to conclude that the philosophy and intent of the regulations have been extensively changed. Because the original regulations represented a balancing of interests reflecting the balance sought in NFMA, the proposed changes create a document that I seriously doubt meets the intent of Congress in many key areas.

Insofar as I can tell, virtually everything that has been accomplished by the changes in the proposed regulations could have been done with the regulations as they were. Since manual direction and policy direction relating to choice of alternatives could have covered most changes, one wonders why the changes were necessary. Surely it is not worth amending an entire set of regulations merely to remove non-substantive language. The fact that the regulations were changed by a new administration directly upon taking office creates the dangerous precedent that each new administration may do the same. If this happens the regulations will become a document for conveying the political wishes and aspirations of each new administration rather than a technically sound blueprint for governing National Forest planning. Politics clearly has its place in National Forest management but that place is not in the details of the planning process. To politicize the planning process is to do the Forest Service, the National Forests, and the nation a grave disservice.

Should you wish further comment or assistance, I will be happy to provide it.

Sincerely yours,

ARTHUR W. COOPER,
Head, Department of Forestry.

Mr. LEAHY. The administration has assured us that these revisions to the National Forest Management Act are meant to simply clarify the forest planning process, but I fear that the results of these changes may be all too visible for generations to come. I am submitting this concurrent resolution in the hopes that the Forest Service will carefully evaluate the impact of these changes and will make its final recommendations based on input from those who are concerned about the proper management of our Nation's forests.

Mr. President, I ask unanimous consent that the concurrent resolution submitted by myself, Mr. KENNEDY, Mr. HART, Mr. CRANSTON, Mr. MOYNIHAN, and Mr. STAFFORD be printed at this point in the RECORD, and that the concurrent resolution be appropriately referred.

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

S. CON. RES. 97

Whereas, the National Forest Management Act of 1976 (NFMA) required the Secretary of Agriculture to issue regulations for developing and revising land management plans for the National Forest System; and

Whereas, the existing regulations under NFMA issued in September of 1979 were painstakingly developed over a three-year period with the advice and counsel of a special Committee of Scientists established by NFMA; and

Whereas, regulations on this subject are perceived by many as a "major federal action having a significant impact on the human environment," and the existing regulations were understood to have an effect of this magnitude and were, therefore, accompanied by an Environmental Impact Statement, as required by the National Environmental Policy Act; and

Whereas, in February of this year, the Forest Service issued proposed revisions to the existing regulations, which were characterized by Department of Agriculture officials as being merely simplifying and clarifying in nature; and

Whereas, the proposed revisions allow only 60 days for public comment, although in testimony before a House Subcommittee and in an enormous volume of written comments, many persons have stated that the new regulations would have far-reaching substantive consequences and may severely strain, if not violate, provisions of NFMA; and

Whereas, the proposed revisions include significant changes in existing regulations which, if adopted, will undoubtedly influence major decisions regarding resource management on the national forests throughout the country, and, therefore, merit a searching and thorough public review; and

Whereas, a more extensive solicitation of comments would afford the Forest Service the opportunity to take advantage of the advice and counsel of a Committee of Scientists and provide time to convene formal hearings to ensure the full and effective citizen participation in the regulatory process as envisioned by NFMA; and

Whereas, there are no overriding time constraints compelling hasty implementation of the proposed revisions since (1) adequate regulations governing forest management are already in place which readily can be used until the need to implement new regulations is clearly established, (2) the existing record-high volume of national forest timber under contract for harvest totals over 34 billion board feet—equal to well over a three-year supply, and (3) there has not been sufficient time to guage fully the adequacy and effectiveness of the existing regulations in implementing NFMA, or to see the completion of even one of the 120 national forest plans: Now, therefore, be it

Resolved, by the Senate (the House of Representatives concerning), that the Secretary of Agriculture is urgently requested—

(1) to extend, for not less than 180 days, the public comment prior to publication of the revised NFMA regulations in final form;

(2) purusant to section 6(h)(1) of the NFMA, formally to designate a Committee of Scientists to furnish advice and counsel in connection with the regulatory revisions;

(3) to conduct formal public hearings in various regions of the country in order to provide a greater opportunity for citizens to register their concerns about these revisions; and

(4) to publish, with any final regulatory revisions and comments, a Supplement to the Environmental Impact Statement that accompanied the existing regulations when published in 1979.

Mr. LEAHY. Mr. President, I believe I have a few minutes remaining. I am prepared to yield that time to the distinguished Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, I thank my good friend from Vermont for graciously yielding me time.

VITAL ROLE OF SIPC

Mr. PROXMIRE. Mr. President, yesterday's New York Times carried an article on the front page entitled "A Dealer in Bonds Defaults on Debt." The article went on to state that the Federal Reserve held itself ready to act as a "lender of last resort" to alleviate a credit crunch in the bond market.

I commend this article to my colleagues. What is not in the article is the significant but complex monitoring function played by the Securities Investor Protection Corporation (SIPC) in this matter.

The government bond dealer referred to—Drysdale Government Securities—because it deals exclusively with government securities—is exempt from registration with the SEC and, therefore, does not fall within SIPC's jurisdication. However, about 30 percent of Drysdale Government Securities is owned by Drysdale Securities, which is registered by the SEC and, therefore, within SIPC's jurisdiction. In this situation SIPC's monitoring consists of assessing the impact of the default on a SIPC-covered firm and analizing Drysdale Securities customer base to determine coverage under the SIPC law.

Mr. President, as you can appreciate, the questions SIPC is called upon to address are intricate and intimately involve the securities industry. No doubt legislation to abolish the exemption from SIPC coverage for securities firms dealing exclusively in government bonds will be considered.

Mr. President, this all points up the need to place the management of SIPC into experienced hands. Unfortunately, President Reagan has nominated James G. Stearns for the chairmanship of SIPC. Mr. Stearns, as I have stated before on this Senate floor, is not qualified at all for this position. It is time for President Reagan to withdraw the Stearns nomination and to nominate a well-qualified person for the chairmanship of SIPC.

I ask unanimous consent to have printed in the RECORD the article which appeared in the New York Times for May 19, 1982.

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

A DEALER IN BONDS DEFAULTS ON DEBT

DRYSDALE MOVE CAUSES LARGE DROP IN CHASE BOND STOCK

(By Robert J. Cole)

A major dealer in Government bonds and notes. Drysdale Government Securities, informed creditors yesterday that it was unable to meet $160 million in interest payments, creating considerable concern throughout the financial community.

The Chase Manhattan Bank, one of several New York banks that have acted as clearing agents for such dealers as Drysdale, led a broad decline in bank stocks on the New York Stock Exchange, slumping 3¼, to 48¾.

Drysdale's inability to meet its debt payments prompted the Federal Reserve Bank of New York, in an unusual late-afternoon statement, to tell Government bond dealers that it "stood ready as lender of last resort" to help commercial banks meet "unusual credit demands related to market problems."

While it is not one of the nation's three dozen major dealers in Government securities, Drysdale has played a prominent role in recent months as a speculator in Treasury bonds and notes. To buy and sell these Government securities, it relies heavily on short-term borrowings from banks and other dealers, often using borrowed Treasury securities as collateral. The interest payment it missed was interest due on the borrowed securities.

Although versions of what happened differed substantially among bankers and Wall Street bond dealers, it seemed clear that Drysdale has sold short. That is, in accordance with accepted custom, it had sold Government securities it did not in fact own in the hope of making good later by buying back the securities at a lower price and pocketing the difference. But instead of falling, Government bond and note prices had risen since early May, although in recent days prices had begun to weaken as yields rose.

Drysdale itself did not comment on what caused its problem.

The surprisingly strong statement of support for New York's top banks came in the wake of a meeting called Monday evening at the Federal Reserve by Willard C. Butcher, chairman of the Chase Manhattan Bank, and the subsequent announcement by Chase yesterday that an unidentified Wall Street dealer in Government bonds—widely known to be Drysdale Securities of 65 Liberty Street, Manhattan—had failed to meet $160 million in interest payments due to a number of leading Wall Street dealers.

A major controversy developed over whether Chase, as the clearing agent for Drysdale's transactions, could be held responsible for the entire loss. Banking sources said that Drysdale had $30 million in capital and, in view of its inability to meet interest payments far in excess of its capital, it might be technically bankrupt.

Some dealers said that the Drysdale case might lead to a revival of proposals to regulate the Government securities market, the last unregulated securities market in the country. Such proposals last arose in March 1978 after an official at the University of Houston engaged in a pyramiding scheme that resulted in commitments to buy $445 million in securities and resulted in a loss to the school of several million dollars.

Drysdale was not among the three dozen dealers, including some of the nation's major banks, designated by the Federal Reserve to handle the majority of its transactions, when it buys and sells securities to add or subtract reserves from the banking system. Such transactions are the Fed's principal tool for influencing the nation's money supply.

Among the Wall Street bond dealers and banks reported to be owed interested by Drysdale were the Manufacturers Hanover Trust Company; the U.S. Trust Company; Merrill Lynch, Pierce, Fenner & Smith; Drexel Burnham Lambert; Paine, Webber, Jackson & Curtis; Goldman, Sachs & Company; Donaldson, Lufkin & Jenrette; New York Hanseatic and Salomon Brothers.

Wall Street bond dealers maintained privately that despite the enormous overall sum, no individual firm had enough of a potential loss to create a major problem or endanger its survival. Nevertheless, the Butcher meeting on Monday, coupled with the statement by the Federal Reserve, suggested that the full dimensions of the Drysdale situation were uncertain and that all precautions were being taken to prevent disruption of the Government bond market.

Fraser Seitel, a spokesman for the Chase Manhattan, said that Mr. Butcher called the meeting, which was attended by representatives of 10 Wall Street firms, "to try to avoid any disruption of the Government securities market—to work out alternative solutions to prevent disruption of the U.S. Government securities market."

Peter J. Wasserman, president of the Drysdale Securities Corporation, a 92-year-old Wall Street house, said that it once had corporate ties to Drysdale Government Securities but had had none since early this year, when the latter set itself up as a separate company with Richard Taaffee as its president. Mr. Wasserman said that he and Joseph Vicent Ossorio, chairman of Drysdale Securities, held "small, nonvoting interests" in Drysdale Government Securities.

Mr. Taaffee, who did not return repeated telephone calls to his office, is understood to have established himself on Wall Street as a successful bond dealer. He is thought to have been extremely successful in playing the market, and Wall Street executives even joked about a computer he had called Arnold that "knows everything." The firm is also understood to have been in the process of buying its five-story headquarters building at 65 Liberty Street for several million dollars.

A handful of Wall Street firms called finders, including one known as Buttonwood Securities, bring together firms such as Drysdale wanting to borrow Government securities with firms such as Merrill Lynch, Drexel or Goldman, Sachs willing to lend them at interest. Chase contends that it acted as clearing house, seeing to it that the Government securities are delivered to the borrower—in this case Drysdale—and the interest payments reach the lender, whichever Wall Street dealer is involved.

Wall Street dealers, on the other hand, took the position yesterday that they dealt with Chase Manhattan or other banks and

therefore expected Chase to be responsible for recovery of their losses.

U.S. HOLOCAUST MEMORIAL COUNCIL: A YEAR OF ACHIEVEMENTS

Mr. PROXMIRE. Mr. President, the Director of the U.S. Holocaust Memorial Council recently appeared before a Senate Appropriations Subcommittee to describe the Council's 1982 activities. I commend the Council and its Director, Robert Agus, for focusing on two essential aims: To spread awareness of the tragedy of genocide in history and to work toward preventing any similar disasters.

The U.S. Holocaust Memorial Council was established by Congress to provide for appropriate ways for the Nation to commemorate the Days of Remembrance; to build and oversee a Memorial Museum to the Holocaust victims; and to carry out the recommendations of the President's Commission on the Holocaust.

Mr. President, let me tell you about some of the progress the Council has made toward achieving its goals.

In conjunction with the International Day of Remembrance, a National Commemoration of the Days of Remembrance for 1982 was held on April 20. There was a very moving two-part ceremony in the Capitol Rotunda and the White House, which was well attended by many distinguished figures.

In addition to the national commemorative observance, 42 States, two territories, and the District of Columbia also conducted areawide civic commemorations.

Significant progress has also been made on the Holocaust Memorial Museum. A site has been selected, themes to be presented in the museum are being developed and fundraising will soon begin.

Mr. President, I was particularly impressed by one project called the International Liberators Conference. Held at the Department of State from October 26 through 28, 1981, it was a historic occasion honoring those who liberated the Nazi concentration camps. Official delegations from 13 nations, liberators from 40 different U.S. States, and hundreds of other citizens, Government officials and survivors attended the plenary sessions. The proceedings were video taped for use in school systems and libraries and for other interested groups throughout the world.

Mr. President, there is one final Council activity that we should pay special attention to. Plans have begun for the Committee on Conscience. This committee will be designed to serve as an early warning system against threats of genocide against any people, any place in the world.

Like the U.S. Holocaust Memorial Council, Mr. President, we in the Senate must undertake activities aimed at preventing any more genocidal atrocities. The Genocide Convention should be a prime vehicle for our goal.

In the final analysis an international treaty making genocide a crime can only be effective if the hearts of the signatory nations are committed to the goals of this international law. Because the United States is recognized as a world leader in the field of human rights, I believe we have a unique opportunity. We can help spur other governments to find the will to participate in the international effort to prevent genocide.

We can help foster a world climate of vivid awareness of the historical tragedy of genocide and a world committed to preventing its recurrence.

Mr. President, I urge my colleagues to immediately ratify the Genocide Convention.

NUCLEAR ATTACK DEVASTATION: HIGHER EDUCATION

Mr. PROXMIRE. Mr. President, higher education plays an absolutely essential role in the technological and military as well as in the social and cultural strength of our country. What effect would a Soviet nuclear attack designed to destroy our economy have on higher education in America? The CATO policy analysis by Katz and Osdoby reports the following:

America's economic and military power derives in large measure from its ability to maintain its technological leadership; higher education plays a central role in maintaining this lead. Universities and colleges provide trained personnel to assist in scientific and technological development. They also provide the institutional framework for basic research that becomes the basis of scientific discovery and technological innovation.

In the above attack on the 71 major urban areas, over 50 percent of the higher education system would be damaged or destroyed. Professional schools are even more vulnerable—over 70 percent of the students are concentrated in these urban areas, which contain only 55 percent of the general student population. Of equal significance, an attempt to measure not only the quantity but also the quality of graduate (science and engineering) and professional (medicine, law) schools found a disproportinate number—70 percent—in attacked areas. In other words, in the academic areas we evaluated, quality educational facilities tended to be highly concentrated in the major urban areas. In addition, these universities and professional schools attract or spin off important private research-and-development or consulting firms and high-technology manufacturing firms in close proximity.

Given the massive scale of population losses and casualties after nuclear attacks, it is likely that the concept of the function of the university would also change, assuming a more narrow role as vocational and professional training ground. The training could be at a very basic level, with many important intellectual pursuits and professions abandoned. The basic scientific and technological infrastructure could be most seriously injured since even if the capacity remained, the justification for basic research during the post-attack recovery period would likely be questioned, and any diversion of energies in this direction challenged. Complex scientific experiments requiring extraordinary collaboration among scientific groups and expensive, sophisticated equipment would be eliminated or delayed for perhaps decades. The quality of research and the university's vital contribution to technology would diminish drastically in almost any nuclear attack. Thus, the damage to the higher education system would pose serious obstacles to a strong and rapid economic recovery.

ROUTINE MORNING BUSINESS

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

The PRESIDING OFFICER. Yes; under the previous order, there will now be a period for the transaction of routine morning business, to continue until 9 a.m., with Senators being permitted to speak for not more than 2 minutes.

ARMS CONTROL AND THE REAGAN ADMINISTRATION

Mr. CRANSTON. Mr. President, I am deeply concerned by recent statements of President Reagan and members of his administration regarding arms control policy. Because of my concern, I telegramed the President last Friday seeking urgent clarification of several vital arms control issues.

I ask unanimous consent that the full text of my telegram be printed in the RECORD at this point:

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

Hon. RONALD REAGAN,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am deeply concerned that several statements made by you during your press conference last night are seriously misleading and suggest that U.S. arms control policies are following new and dangerous directions.

I urgently request clarification so that all parties to the arms control process—the Executive Branch, the Congress, and Soviet leaders—can proceed with clear knowledge of the Administration's position on these matters.

First, you said that "the parts that we're observing of SALT II have to do with the monitoring of each other's weapons". Your reluctance to formally embrace SALT II limits could be interpreted to mean that while we are "monitoring" the Soviet's weapons, we may at any moment "breakout" from treaty provisions. The fact is we are not meeting with the Soviets at the Standing Consultative Commission in Geneva—as we would if SALT II were in force—to raise SALT II monitoring issues.

Second, you suggested in your answer to Helen Thomas that SALT II failed to curb destabilizing Soviet weapons. In fact SALT II prohibits the Soviets from adding more

warheads and missiles to their land based forces. Your failure to state unequivocally that we will adhere to SALT II restraints as an interim arms control measure leave ambiguities which could erode U.S. security.

Furthermore, the statement of Presidential Counselor Edwin Meese III on May 7 appears to be in direct contradiction to the testimony of Secretary of State Alexander Haig, Jr. on May 11.

Meese, in a press interview, stated that the Reagan Administration does not "feel bound by" the provisions of SALT II. In contrast, Secretary Haig, asked about Administration intentions on complying with SALT I and SALT II, told the Senate Foreign Relations Committee "we intend to comply by those provisions".

Third, you stated that "in the past several years (SALT) negotiations took place with (the Soviets) having a superiority over us and us actually unilaterally disarming". Like your recent statement that the Soviets have "a definite margin of superiority" your latest statement is either misleading or you are seriously misinformed. Are you contending that the U.S. was inferior in overall strategic nuclear forces in the 1970's? That is not true; no responsible U.S. military official would trade our overall arsenal for the Soviets' now, not would they have traded it then. Senators have put this question to key civilian and military officials in recent hearings of the Senate Foreign Relations Committee and the Armed Services Committee.

In addition, your assertion regarding "unilateral disarmament" completely ignores the many, many research, development and deployment efforts we made to modernize our strategic forces during SALT negotiations—including the MIRVing or our Minuteman ICBMs, the deployment of the first of our Trident subs, and progress made on the B-1 and cruise missiles.

Despite my misgivings about some of the personnel and some of the policies involved in the formulation of your Administration's arms control proposals, I earlier this week publicly welcomed your START proposal as a constructive first step towards arms curbs.

However, bipartisan consensus behind such efforts requires that the Administration clarify its intentions regarding SALT II observance and clarify its views regarding the strategic balance.

ALAN CRANSTON,
U.S. Senator.

LAND OF LINCOLN CONFERENCE

Mr. PERCY. Mr. President, two weekends ago Republican leaders from throughout Illinois gathered for the first Land of Lincoln Conference.

This conference was patterned after the annual Tidewater conferences in which I and many of our colleagues in Congress have participated.

I was pleased to have as cosponsors of this conference Illinois Governor Jim Thompson and State party chairman Don Adams.

The conclusion of those 55 leaders who attended the conference was that it was extremely valuable and the participants voted unanimously to make the Land of Lincoln Conference an annual event. We intend to do this, and planning is already beginning do next year.

The purpose of the conference was to provide an informal and relaxed atmosphere in which leaders could discuss and debate issues of importance to Illinois and the Nation. The debate was constructive and I believe enlightening to all of us who participated in it. Conference participants broke into table groups named after some of our best know Illinois leaders of the past: President Abraham Lincoln, U.S. Senator Everett Dirksen, Illinois Senate Minority Leader David Shapiro, Speaker of the Illinois House of Representatives Warren Wood, U.S. Senator C. Wayland Brooks, and Illinois Secretary of State Charles Carpentier.

Resolutions drafted in advance, based on interests indicated by the invitees, were introduced individually and arguments pro and con were offered by selected participants. The resolution in question was then debated at each table, and amendments were prepared by the tables or by individuals acting on their own. This was followed by general discussion during which the amendments were debated and voted on. A vote was then taken on the final resolution as amended.

Following our conference, I joined the President in Illinois and discussed the resolutions with him. He subsequently sent me a letter commenting on the conference, and I ask unanimous consent that the text of the President's letter be printed at this point in the RECORD.

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

THE WHITE HOUSE,
Washington, May 15, 1982.

Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR CHUCK: Thank you for discussing with me in Chicago the resolution of the Land of Lincoln Conference, copies of which you had given Jim Baker Sunday evening.

I was pleased to see that the summary resolution you adopted at the conclusion of your conference on Basic Human Needs paralleled the emphasis I placed on the role of volunteerism in my speech at the Chicago YMCA luncheon Sunday, May 9.

I was also most interested in the resolutions adopted on a balanced budget, new Federalism, economic development, nuclear arms reduction, federal taxes and defense spending.

I commend you, Governor Jim Thompson and State Republican Chairman Doc Adams for holding such a timely three day conference of Republican leaders on some of the vital issues facing our nation today.

I understand by unanimous vote of the 1982 Conference a similar weekend meeting will be held in 1983, and I look forward to not only studing the results of the Conference, but measuring the progress we have made in the year ahead on the goals established this past weekend.

Sincerely,

RON.

Mr. PERCY. Copies of the resolutions adopted by the conference will be sent to other national and State leaders as well.

The conference, which was held in Springfield, Ill., also provided the opportunity for several informal social gatherings. We were entertained by pianist Evans E. Brittin, Jr., at both our Friday and Saturday night dinners, and Springfield High School's "Seven and the Senators" singers, led by Dan Spreckelmeyer, performed brilliantly for us on Saturday evening.

Mr. President, I ask unanimous consent that the resolutions adopted by the first Land of Lincoln Conference and the list of attendees be printed at this point in the RECORD.

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

RESOLUTION 1: BALANCED BUDGET

Resolved, That the Federal Government should implement a balanced budget as soon as possible. Deficits lead to high inflation and high interest rates and are an important cause of the present economic recession. All means should be considered to bring spending and revenues into balance: a Constitutional amendment, wording in the manner and form of Senate Joint Resolution 58, immediate spending reductions, better management of Federal assets, better control of Federal lending, better debt collection, both foreign and domestic, smaller defense increases if consistent with the needs of National Security, and reexamine the tax structure.

RESOLUTION 2: THE NEW FEDERALISM

Resolved, The current role of the Federal Government in the federal system—and the government in society—should be reexamined and redefined and the federal government should be required to lessen its role and strengthen that of the states and local governments, taking care that adequate revenue sources follow major shifts in functions.

RESOLUTION 3: ECONOMIC DEVELOPMENT

The primary role of the private sector in reducing unemployment and creating new jobs should be reaffirmed, encouraged and supported by federal, state and local government policies through tax incentives and regulatory reforms such as enterprise zones and workfare.

Government's role in training and retraining for employment should be fostered through traditional State and local educational and vocational educational institutions in concert with the private sector rather than massive government bureaucracy.

A genuine effort should be made to eliminate duplication and overlap by various agencies of Government in the area of job training.

People receiving unemployment compensation or welfare should be required to either demonstrate that they are using their best efforts to find employment or to attend training programs when they need new or updated skills or be required to participate in a local work program where available.

Federal, state and local government policies, statutes and regulations should be reassessed to remove disincentives to work.

RESOLUTION 4: NUCLEAR ARMS LIMITATIONS

To express the sense of the Land of Lincoln Conference that the United States and the Soviet Union should engage in substatial, equitable, and verifiable reductions of

their nuclear weapons in a manner which would contribute to peace and stability.

Whereas a nuclear war would kill or injure millions and millions of people and threaten the survival of the human race;

Whereas there can be no assurance that a nuclear war, once initiated, would remain limited in scope;

Whereas there exists the ever-present risk that nuclear weapons might be employed through accident or miscalculation;

Whereas the American people, who are people of peace, maintain nuclear armaments only in the defense of freedom and yearn for world conditions in which they could do far more to lift the burdens of human privation and despair;

Whereas the current nuclear force imbalance is destabilizing and could increase the likelihood of nuclear war;

Whereas sizeable and verifiable mutual reductions of Soviet and U.S. nuclear forces to an equal and far-lower level would enhance stability and the maintenance of peace; and

Whereas President Reagan, on November 18, 1981, stated that the United States "will seek to negotiate substantial reductions in nuclear arms which would result in levels that are equal and verifiable": Now, therefore, be it *Resolved by the Land of Lincoln Conference assembled,* that—

(1) the United States should propose to the Soviet Union a manual, and verifible nuclear force freeze at equal and sharply reduced levels of forces;

(2) the United States should propose to the Soviet Union practical measures to reduce the danger of nuclear war through accident or miscalculation and prevent the use of nuclear weapons by third parties, including terrorists;

(3) the United States should challenge the Soviet Union to join in this historic effort to channel the genius of our two peoples away from the passing of nuclear armaments and to focus the energy and resources of both nations on attacking the ancient enemies of mankind—poverty, hunger, and disease;

(4) the United States should continue to press month after month, year after year, to achieve balance, stablizing the reductions, looking, in time, to the elimination of all nuclear weapons from the world's arsenals;

(5) to maintain stability and continuity while these stractegic arms reduction negotiations are conducted, the United States should propose to the Soviet Union that both Parties avoid actions that would undercut previously negotiated SALT agreements;

(6) the US should propose that the people of the Soviet Union be heard on this issue;

(7) the threshhold Test Ban Treaty be passed;

(8) means should also be found to control proliferation of nuclear weaponry in other countries capable of producing nuclear weapons; and

(9) research and development of conventional weaponry should be encouraged.

RESOLUTION 5: FEDERAL TAXES

The principles underlying the 1981 Economic Recovery Tax Act should be maintained. Federal personal and corporate income taxes have damaged people's ability to save and invest and have diminished jobs creation efforts. The President's tax cut program was passed to breathe life into our economy. Its healthy effect has not yet come to fruition, because the January automatic Social Security tax hike washed out the first modest cut. The full three-year phased tax cut must be retained in order to provide jobs for people, which will in turn produce additional tax revenues through a broader base of taxpayers. Enforcement of our revenue collection procedures must be strengthened so that taxpaying citizens are not required to subsidize tax evaders. Congress must concentrate its efforts toward cuts in spending rather than to increase the present punitive taxation on both individuals and corporations.

(Note: A significant number of the participants wanted it made known that adoption of this amendment did not mean that no tax reforms were considered necessary. It was the consensus of the Conference that specific reform proposals should not be dealt with in this context.)

RESOLUTION 6: DEFENSE SPENDING

The United States should increase defense spending from the fiscal year 1982 level to maintain a defense capability that can deter aggression and protect vital national interests. We reaffirm the support expressed in the 1980 Republican National Platform for a defense capability second to none. Cost-saving methods should be effected wherever practicable in order to maximize actual defense capability from funds appropriated. We urge other countries in the free world to do more for their own and the common defense.

RESOLUTION 7: SUMMARY STATEMENT, LAND OF LINCOLN CONFERENCE

Let us, as Republicans, be evermindful that "Basic Human Needs" do exist and while we believe there must be a reduction in the role of the federal government in providing such basic services, we urge all Americans to lend greater voluntary assistance to the less fortunate among us.

We further acknowledge and recognize that we, as a society, have both a legal and moral obligation to provide for the basic needs of those incapable of providing for themselves.

CONFERENCE ATTENDEES

Republican State Central Committee Chairman Don Adams.

State Central Committeeman Mary Jo Arndt.

State Representative David Barkhausen.

Marshall County Chairman Fritz Campbell.

State Senator John "Doc" Davidson.

State Senator Aldo DeAngelis.

State Representative Sue Deuchler and Walter Deuchler.

State Representative Ralph Dunn.

Secretary of State Jim Edgar and Brenda Edgar.

Attorney General Tyron Fahner.

Moultrie County Chairman Billy Farris.

State Central Committeeman Robert Follett and Nancy Follett.

Congressional Candidate Robert Gaffner.

Richland County Chairman Henry Gassman and Pat Gassman.

Peoria County Chairman Camille Gibson.

Republican Nationalities Council 1st Vice President Edward Gjertsen.

State Senate Candidate John Glynn and Betty Glynn.

State Senator John Grotberg.

University of Illinois Trustee Ralph Hahn and Jane Hahn.

State Central Committeeman Joseph Hale.

State Central Committeeman Harber Hall.

State Young Republicans President Robert Hall.

Ward Committeeman John Hoellen and Mary Jane Hoellen.

Springfield Mayor J. Michael Houston.

Former President, National Federation of Republican Women and Chairman, Women's Division of RNC Pat Hutar.

Rich Township Representative Mary A. Johnson.

Douglas County Chairman Marvin Jones.

State Representative John Kociolko.

State Representative Judy Koehler.

Sue and Gail Luck, of Decatur, Ill.

Sangamon County Auditor Marylee Lindley.

Grundy County Chairman Del Linn.

Salem Mayor Charles McMackin.

Lake County Chairman Robert Neal and Pat Neal.

State Representative Diana Nelson.

Ward Committeeman Donald A. Neltnor.

State Representative Josephine Oblinger.

Wheeling Township Secretary, IFRW, Dian Perkins.

Senator Chuck Percy and Loraine Percy.

Wheeling Township Committeeman Connie Peters.

State Representative Penny Pullen.

Madison County Chairman Dr. Edward Ragsdale and Meredith Ragsdale.

Former State Central Committeeman and former State Representative Paul Randolph.

State Representative Jim Reilly and Mary Reilly.

State Representative Clyde Robbins.

Arlington Heights Mayor James Ryan.

President, Wheeling Township Republican Women, Carol Ryan.

Candidate for Comptroller and former State Representative Cal Skinner.

Oak Park Township Committeeman Dean Sodaro and Jean Sodaro.

Whiteside County Chairman George "Bud" Thompson.

Governor James R. Thompson.

Jayne Thompson.

Candidate for State Representative Jon Walker.

State Representative Robert Winchester.

Brown County Chairman Glenn Worthington and Evalyn Worthington.

CONGRATULATIONS TO HADASSAH ON ITS 70TH ANNIVERSARY

Mr. SASSER. Mr. President, as a cosponsor of Senate Concurrent Resolution 62, commemorating the 70th anniversary of Hadassah, the Women's Zionist Organization of America, I am pleased to join in marking this day of May 20 as a day of celebration. The tremendous spirit and energy that have gone into 70 years of achievement by the women of Hadassah indeed give cause for celebration, both by those who applaud their efforts here today and by the thousands upon thousands of people from all walks of life who have been the direct beneficiaries of their efforts over the years.

Now 370,000 strong, Hadassah exemplifies the commitment to humanitarian concerns shared by the people of Israel and the United States. These concerns, as carried out primarily in educational and medical services and training are also a fundamental part of our mutual commitment to peace in

the Middle East and to freedom and self-determination for all peoples. These commitments are inseparable.

For those who are unacquainted with the level of achievement and the ideals of Hadassah, I would point to the internationally recognized excellence of the Hadassah-Hebrew University Medical Center in Jerusalem. As noted in Senate Concurrent Resolution 62, the center and its facilities have been made available to treat all peoples of the region regardless of religion, race, or nationality in the tradition of the oath of the Hebrew physician: "You shall help the sick, base or honorable, stranger or alien or citizen because he is sick." The center was created and is maintained by Hadassah and stands as one of the world's finest examples of what individuals, when joined by a common purpose and strength of spirit, can do to improve the quality of life for millions of people.

From that day in February of 1912 when Hadassah was founded under the leadership of Henrietta Szold, individual lives have been touched and changed in many ways by the efforts of this multiservice organization. Since World War II, Hadassah has helped to resettle in Israel and rehabilitate over 100,000 children from countries all over the world. Young men and women continue to benefit as well from a comprehensive system of vocational education. Additionally, the Hadassah-Hebrew University Medical Center provides top-caliber training and research in the health sciences.

Mr. President, we are facing times ahead when voluntarism is going to be more important than ever in providing humanitarian services for people around the world who are caught in the uncertainties of the world economy. Hadassah's 70 years of service provide an inspiration to us all. It is with great admiration that I join in celebrating the good works of the past, and offer my support and best wishes for many more years of valuable service to humanity.

DISTINGUISHED ALABAMIAN STEPS DOWN AS HEAD OF CSX CORP.

Mr. HEFLIN. Mr. President, on May 1, a distinguished Alabamian and longtime friend of mine, Prime F. Osborn, reached a milestone in his 36-year career in the railroad industry when he stepped down as chairman of the CSX Corp. The CSX Corp. is the largest railway system in the Nation and was formed by the merger of two great railroads, the Chessie System and the Family Lines. The Louisville and Nashville Railroad, a component of the Family Lines, is the largest railroad in the State of Alabama and has played a key role in the industrial development of Alabama.

Mr. Osborn is a native Alabamian who was born and raised in Greensboro, where he still maintains the family farm. He is a graduate of the University of Alabama and its law school. Early in his career he served as an assistant attorney general of Alabama. From my many conversations with him, I know of his deep loyalty and affection for his native State, and I am delighted to have him as a part-time constituent.

The merger which formed the CSX Corp. was a major achievement in Prime's business career. But those who know him also know of the many hours of work he has given to public service. He has been a leader in the Salvation Army, the Episcopal Church, and the Boy Scouts. For his work, he has received many well-deserved awards, including the Outstanding Jacksonville Citizen Award of the Jacksonville Chamber of Commerce and being named the Transportation Man of the Year by the National Defense Transportation Association. I am sure that his commitment to public service will continue in what his friends know will be an active retirement for Prime Osborn. I wish this distinguished son of Alabama well as he begins this new phase of his career.

DISALLOWANCE OF CERTAIN TAX DEDUCTIONS

Mr. HEFLIN. Mr. President, in an effort to raise new revenues and, therefore, cut the projected Federal deficit, the Budget Committee is proposing $95 billion in new tax increases over the next 3 years. I am afraid, however, that these unidentified tax increases will merely turn out to be another attempt by Congress to balance the Federal budget on the backs of poor and middle-income Americans.

We must reduce the budget deficit and restore fiscal responsibility in Washington, but I am bitterly opposed to proposals now being considered which would eliminate essential tax deductions and increase consumer taxes for the Nation's poor and middle-income citizens.

In recent weeks, the chairman of the Budget Committee has identified a number of areas where taxes might be increased in order to reach the goal of $95 billion in new revenues. I am alarmed to find that most of the new revenue will come out of the pockets of those Americans least able to afford it. The proposals which have been specified by the chairman of the Budget Committee include: the elimination of tax deductions for State and local taxes; elimination of the deduction for interest on consumer loans, except automobiles and housing; new excise taxes on gasoline and telephones; raising from 3 percent to 10 percent the amount of income that must be spent on medical costs before a taxpayer can declare it as a deduction; and modifying the exclusion of employer contributions for medical insurance premiums and medical care.

We simply must not allow for the budget crisis to be solved at the sole expense of those members of our society who can least afford the extra burden—the middle-income taxpayer and the poor. Many of these proposals are clearly and simply unfair, unfeeling, and fiscally unsound.

We must reject these tax increases which would have a devastating and disproportionate impact on the poor and middle-income taxpayer. Raising the taxes of the working people of this country through repeal or modification of these vital tax deductions in the name of stimulating economic recovery makes no economic sense. The deductions for medical expenses, interest on consumer loans, and State and local taxes were written into our laws in recognition of the fact that these items severely diminish the taxpayer's taxable income.

Eliminating the tax deduction for interest payments on consumer loans would be counterproductive and fiscally dangerous. The average American family depends on consumer credit and loans to purchase major consumer items and American manufacturers depend on this "buying on time" to sell their products. Eliminating this interest deduction would have a devastating and unfair impact not only on middle-income American families, but on the already strapped economy in general.

The same is true with medical expenses. All of us in this body are aware of the staggering costs of medical care. The proposal to raise from 3 percent to 10 percent the amount of one's income which must be spent before a taxpayer can deduct medical costs would effectively wipe out this major deduction for millions of elderly citizens and those beset by major medical problems. This is a cruel and heinous crime perpetrated on our Nation's elderly citizens at the same time social security benefits are seriously threatened.

Furthermore, imposing excise taxes on such items as gasoline and telephones is once again placing a disproportionate share of the tax burden on the Americans least able to pay. The American people deserve better than to have Congress attempt to straighten out the economic shambles our country is in by taking from them these essential and needed tax deductions. It is time that Congress stop trying to balance the budget by reaching into the pockets of those people in our society who struggle to survive day to day under the harshest economic conditions in many years.

Americans have always believed in a fair and equitable tax system, and

they do not mind paying reasonable taxes so long as they are called upon to pay only their fair share. What American taxpayers do object to are paying taxes which are disproportionate and the seeing their tax dollars wasted by the Government. If Congress repeals these deductions, I expect a hue and cry to ring out across this country from working Americans over the insidious way that Congress has indirectly increased their taxes.

Like my colleagues on the Budget Committee, I, too, believe that economic recovery through decreasing the Federal deficit is the key problem facing our country today. But I think we often lose sight of the average American taxpayer and the impact of taxes on the working men and women of our country. We must never forget that it is the average taxpayer who pays the bulk of taxes in this country. Asking these already overtaxed, hard-working men and women to shoulder an even heavier burden by increasing their taxes is unthinkable and inexcusable.

In conclusion, Mr. President, I strongly oppose any attempt by Congress to repeal or modify these deductions or raise revenues by increasing taxes on gasline and telephones. I urge my colleagues in this body to stand firm against these ill-conceived and untimely proposals.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. GORTON). Morning business is closed.

FIRST CONCURRENT BUDGET RESOLUTION

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the First Concurrent Budget Resolution, which the clerk will state by title.

The legislative clerk read as follows:

A Senate concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the United States Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the United States Government for the fiscal year 1982.

AMENDMENT NO. 1488

The PRESIDING OFFICER. The pending amendment is the amendment of the Senator from Vermont.

Who yields time?

Mr. LEAHY. Mr. President, I yield myself such time as I may need.

I am proud to join today with the Senator from New York (Mr. MOYNIHAN) in offering an amendment to increase funding for the environmental protection and toxic dump cleanup programs for the Enivronmental Protection Agency.

Quite frankly, Mr. President, after hearing the comments of the Director of the Environmental Protection Agency on NBC's "Today Show" this morning, I think this amendment is all the more necessary, because it is obvious they are unaware of the amount of money they have or even what they have been doing. I hope that they will pay attention to this amendment, because it will increase outlays in 1983 by $100 million and budget authority by $300 million.

The particular subject matter of this amendment is dollars and cents. But the real subject matter of this amendment is much broader.

We are debating here this week the most controversial budget resolution ever considered by this body. We are being asked, in this resolution, to choose between increasing taxes or cutting defense—to choose between balanced budgets and social security.

The reason our economy is in the mess it is in today can be described in three words, supply-side economics—or as someone called it, "surprise-side economics."

A year ago, these words were magic. Today, they appear more like black magic as unemployment reaches its highest level since the Great Depression and business failures reach historic levels.

As it turned out, there were only two things wrong with supply-side economics.

First, it was unfair. And, second, it did not work.

It was unfair because the tax break given to a taxpayer earning $80,000 is 34 times—that is right, 34 times bigger than the tax break for a family which earns $10,000 to $20,000 per year.

And not only was supply-side economics unfair, it did not work. Investment is not up, it is down. And unemployment is not down, it is up. It seems we have the wrong charts going in the wrong direction.

What we really learned from supply-side economics is that there is no free lunch. The old Republican gospel said we had to pay the price of millions unemployed to reduce inflation. The new supply-side economics said you did not. It said you could cut taxes, balance the budget, restrict the money supply, whip inflation, and create a boom economy all at once. In fact, today we are reducing inflation only because there are 10 million unemployed. We have learned again the hard way that there is no free lunch.

I believe that this administration's environmental policy can be fairly described as supply-side environmentalism. Like supply-side economics, there are only two things wrong with it—it is unfair and it will not work. And there is only one lesson it ignores—"there is no free lunch."

This administration's environmental policy is completely unfair. Instead of evenhanded enforcement of our environmental laws, this administration cut enforcement efforts by 70 percent—70—in its first year in office. It has allowed the dumping of liquid hazardous wastes. It plans to assign only two and one-half Federal workers to oversee the entire system designed to control millions of shipments of toxic wastes.

And who will suffer from this retreat? Not the polluters that might be with Fortune 500, not the Midnight dumpers. No; it will be the unborn who are endangered by toxic environmental chemicals, children who are threatened by lead in the air, and the elderly and infirm beset by respiratory diseases who will pay the price.

Even those companies who want to obey the laws—out of commonsense or because of concern for their public image—will lose business to the fly-by-night operators who know they can flout the laws with impunity because the EPA's enforcement division has been reorganized so often it does not know what its job is or whether it dares to do it.

This supply-side environmentalism is not only unfair, it will not work. Just as many today regret their support for supply-side economics, next year and the year after, many will regret their support for destroying EPA's ability to enforce our environmental laws through cutting EPA's budget by nearly 30 percent in just 2 years.

Instead of saying, "Give a hoot, don't pollute," we are saying, "Go ahead and pollute; we don't give a hoot." It is like saying we are against burglary, but we will not allow you to have locks on your doors, and we will not hire any policemen to enforce the laws. That is what the administration is saying, we will have laws against environmental degradation, but we will not enforce them. I think we have an administration which has determined that they could not buck public opinion and repeal our environmental laws, so they are not going to enforce them. It is a back-door way to repeal our environmental laws.

Mr. President, I think that when the public realizes these budget cuts mean it will take a decade to implement just the first stage of controls on hazardous waste dumps, they will not stand for it.

When the public realizes these budget cuts mean millions of additional tons of hazardous air pollutants, they will not stand for it.

When the public realizes this budget means millions more gallons of organic chemicals in the water, they will not stand for it.

When business realizes that cuts in research and development budgets mean that new environmental regulations will be based on bad science or inadequate data, they will not stand for it.

When States realize that EPA has so loosely delegated environmental pro-

grams to the States that they are losing jobs to smokestack chasers, they will not stand for it.

The American people want environmental protection. They want their health and their children's health protected. They want clean air to breathe and clean water to drink. Indeed, a recent Roper poll found that 70 percent of the public want EPA to be as tough or tougher than it was in the past.

The American people want an environmental policy that works.

Finally, like supply side economics, supply side environmentalism ignores the fact that there is no free lunch. If we want a stronger national defense, we must pay for it. If we want environmental protection, we must pay for it. If we do not pay for it, we will not get it.

The administration has claimed that all its budget cuts can be accommodated by increased efficiency and increased delegation of responsibilities to the States. But aphorisms will not stop pollution. Shibboleths will not prevent cancer. It takes dollars and cents, bright minds and strong hands, sound science and good administrative talents. None of these come for free—or are even cheap.

Mr. President, I am sure that it will be argued that, since the budget resolution rejects the President's draconian 1983 budget cuts, there is nothing to worry about. That is just not correct.

Between 1981 and 1983, the administration has proposed cutting EPA's budget by 39 percent. But the President already achieved 75 percent of that reduction—in the 1982 appropriation bill.

The administration claims that, because of increased efficiency, delegation of responsibilities to the States, and smoke and mirrors, EPA's budget can be cut 30 or 40 percent, with no reduction in environmental protection. But its own budget documents tell a different story.

Let me read from EPA's own budget documents. These documents show what the 1982—not 1983—but the 1982 budget cuts accepted by this resolution mean. If we accept the resolution funding levels:

There will be more hazardous air pollution because there will be "fewer national emission standards (for) hazardous air pollutants."

There will be less effort to control toxic chemicals in water.

Investigations of hazardous wastes will be postponed.

The entire effort to establish and enforce hazardous waste controls will be cut. Let me quote in full from EPA's own 1982 documents:

This reduction represents a significant loss of contract funds for Hazardous Waste Management in the Regions. EPA and State personnel will have to assume the responsibility for doing inspections on generators and transporters. The increased workload will translate into decreased inspections of such facilities. A large portion of the contract would have funded technical assistance in writing land disposal permits under RCRA. The loss of the contract dollars will reduce the number of permits issued and could impair the quality and consistency of permits on a nationwide basis.

And, as controls on toxic wastes are being weakened, efforts to efficiently understand which chemicals affect human health are being cut back. I quote:

This reduction will eliminate a substantial part of a program designed to allow the Office of Toxic Substances to more accurately and economically predict human health and environmental effects of chemicals without the need for extensive testing.

In summary, these levels of funding proposed by this budget are unjustified and unjustfiable reductions in public health protection. They must be rejected.

We are proposing a very different budget. This budget asks what we should be doing to protect the public health, and what it will cost to do those tasks.

This morning's CONGRESSIONAL RECORD contains an in-depth justification for each increase in pollution control funding assumed in this amendment. My colleague from New York will speak about the Superfund program. Let me give an example for each of the major pollution control programs.

HAZARDOUS AIR POLLUTION

Increased funding for the air program will provide EPA resources to begin 37 hazardous air assessments as opposed to only 9 assessments. These reviews provide the basis for determining the health and environmental risks of hazardous air pollutants and are the basis for setting standards. This will allow EPA to complete these assessments in 3 to 5 years as opposed to the 7 to 10 years it will take now.

TOXIC WATER POLLUTANTS

Increased funding for the water program will provide resources to perform health effects research for newly discovered toxics found in water. All funds for this research have been discontinued.

Additionally, resources will be available to continue compliance inspections of dischargers in States that do not have permit programs. The budget resolution level drastically cuts these inspections.

DRINKING WATER

Increased funding will provide abatement, control, and compliance funds to provide assistance to Indian lands and nonprimacy States in developing public water system supervision programs. All abatement, control, and compliance funds were zeroed out.

HAZARDOUS WASTE

Increased funding for the hazardous waste program will provide additional funds to encourage and assist States to develop hazardous waste programs. Increases will also speed up the development and promulgation of final hazardous waste regulations. EPA does not plan to begin issuing final regulations until sometime in fiscal year 1984.

It will take EPA, under this budget, 10 years just to complete the first step of writing permits for hazardous waste dumps. This proposal would provide the funds to do that job in 5 years.

PESTICIDES

Increased funding for the pesticides program will provide resources to perform 2,500 inspections, as opposed to 275, and to continue funding the pesticides certification and training program which the budget request cut.

TOXICS

Increased funding for the toxics program will fund long-term toxics research. This research has been cut by 71 percent and is fundamental to controlling toxics.

STATE GRANTS

In almost every program, the suggested increases include additional funding for State grants progams. In order to implement the New Federalism concept, States must receive additional funding to develop the capability and expertise to assume greater levels of responsibility in environmental protection.

Mr. President, the environmental protection budget assumed in this resolution is completely inadequate, but I am sure that some will call this proposal a budget-busting amendment.

That argument is nothing but a smoke screen.

There is no doubt that $100 million is a substantial amount of money, but in the context of this budget resolution, it is a very small amount of money. It is about what the Pentagon spends on military bands and museum curators. It is only about half of President Reagan's requested increase in 1983 or the Federal Emergency Management Agency. It is only one-sixth of the increase in NASA's budget requested by President Reagan.

Mr. President, it is time for this body to say clearly that it will not permit our environmental laws to be repealed through the budget process. I urge the adoption of the amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD a detailed explanation of the justification for these increased outlays for the Environmental Protection Agency.

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

SUMMARY TABLE.—SUGGESTED LEVELS OF FUNDING FOR FISCAL YEAR 1983 BY EPA PROGRAM

[Amounts in thousands of dollars]

EPA programs	Actual 1981	BA 1982	EPA proposed 1983	Suggested 1983
Air	235,388.5	219,761.9	184,053.3	258,370.6
Water	318,236.9	236,796.7	185,965.7	276,988.3
Drinking water	79,329.7	83,831.1	69,750.1	94,385.2
Hazardous waste	141,427.7	107,228.1	103,343.7	205,090.4
Pesticides	64,769.8	53,738.1	50,782.0	74,129.3
Toxics	94,103.8	77,377.8	68,604.0	106,027.1
Subtotal	933,256.4	778,733.7	662,498.8	1,014,990.9
Other [1]	339,998.3	308,720.3	298,893.2	308,720.3
Total	1,273,254.7	1,087,454	961,392.0	1,323,711.2

[1] Includes management and support, interdisciplinary, noise, radiation, and energy.

EPA AIR PROGRAM

[Amounts in thousands of dollars]

Air	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
R&DOxidants nonenergy:				
(S)	5,268.5	5,240.6	4,581.0	6,226.4
(R. & D.)	8,433.4	9,961.0	6,877.8	11,539.9
Hazardous air pollutants nonenergy:				
(S)	4,799.6	5,339.1	4,941.7	11,743.9
(R. & D.)	5,099.4	4,034.5	3,052.7	10,805.4
Mobile sources nonenergy:				
(S)	4,054.4	3,031.8	2,034.6	2,034.6
(R. & D.)	2,891.5	2,563.8	2,441.9	2,441.9
Gases and particles nonenergy:				
(S)	11,177.9	12,069.1	11,547.1	11,547.1
(R. & D.)	17,361.1	13,491.8	11,708.2	11,708.2
Total R. & D.	59,085.8	55,731.7	47,185.0	68,047.4
ABATEMENT CONTROL AND COMPLIANCE				
Air quality stationary source:				
(S)	9,512.3	9,523.6	8,007.8	8,007.8
(A.C. & C.)	17,199.8	10,733.9	11,781.6	11,781.6
Mobile source air pollution control and fuel economy:				
(S)	10,309.6	10,019.3	8,980.7	8,980.7
(A.C. & C.)	4,367.6	1,548.3	3,038.3	3,038.3
State programs resource assistance:				
(S)	219.3	223.5	238.1	238.1
(A.C. & C.)	91,057.3	88,734.9	70,578.7	112,234.0
Air quality management implementation:				
(S)	9,526.1	9,564.4	8,791.5	8,791.5
(A.C. & C.)	222.0	116.5	34.3	34.3
Trends monitoring and progress assessment:				
(S)	3,924.7	4,313.9	4,425.3	4,425.3
(A.C. & C.)	431.7	312.6	452.3	452.3
Total (A.C. & C.)	113,278.4	101,446.2	85,885.2	157.983.9
ENFORCEMENT				
Stationary source enforcement:				
(S)	13,038.8	14,232.9	10,101.5	16,064.9
(A.C. & C.)	9,845.0	9,791.2	5,019.1	9,259.2
Mobile source enforcement:				
(S)	4,403.0	3,959.6	3,522.6	4,897.7
(A.C. & C.)	2,199.8	955.6	1,896.5	2,117.5
Enforcement total	29,486.6	28,939.3	20,539.7	32,339.3
Air total	235,388.5	219,761.9	184,053.3	258,370.6

AIR PROGRAM DESCRIPTION

Air Oxidants Nonenergy

[Amounts in thousands of dollars]

Program element	Active 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries and expenses	5,268.5	5,240.6	4,581.0	6,226.4
Research and Development	8,433.4	9,961.0	6,877.8	11,539.9
Recommended changes.—Monitoring systems and quality assurance				
Salaries	882.7	978.9	693.9	1,031.5
Research and Development	639.2	364.2	390.1	520.0

The suggested level of funding will provide the resources to continue to fully support monitoring and audits. In addition, the resources will provide research support in developing a low cost portable monitor for volatile organic compounds.

Health effects				
Salaries	1,588.2	1,410.2	1,138.7	1,811.6
Research and Development	2,964.3	3,804.8	1,952.2	4,020.0

The suggested level of funding will provide resources to continue research on the human health effects related to inhalation toxicology of photochemical oxidants. The proposed budget seeks to slow this research down for budgetary reasons. This research is fundamental to the development of ozone criteria documents.

Environmental processes and effects				
Salaries	1,744.5	1,896.8	1,375.4	2,010.3
Research and Development	4,049.0	5,096.4	2,632.0	5,096.4

The suggested level of funding provides the resources necessary to continue the urban scale ozone modeling program, crop loss assessment program, and the biogenic emissions measurement program. Research on ozone is of high priority and should be carried out at least at a constant level. Research is the starting point for determining the need for regulation and effects on health and environment. These research programs should continue.

Hazardous Air Pollutants Nonenergy				
Salaries and expenses	4,799.6	5,339.1	4,941.7	11,743.9
Research and Development	5,099.4	4,034.5	3,052.7	10,805.4
Recommended changes.—Monitoring systems and quality assurance				
Salaries and expenses	1,664.2	1,919.3	1,729.9	5,087.9
Research and Development	1,559.2	957.7	1,013.9	6,210.9

There is a backlog of 37 hazardous air pollutants. EPA is planning to do 9 assessments in fiscal year 1983. The suggested level of funding would provide resources adequate to perform the needed assessments in fiscal year 1983 so the necessary regulatory development can get under way in the next several years.

Health effects				
Salaries	1,348.5	1,414.9	1,476.1	4,920.3
Research and Development	1,799.6	1,292.3	865.8	3,421.5

The suggested level of funding provides resources to do health assessments on hazardous air pollutants and develop a monitoring and laboratory program. Hazardous air pollutants is a new program and requires initial funding to establish a monitoring program and do the basic research necessary to set standards.

State Programs Resource Assistance				
Salaries and expenses	219.3	223.5	238.1	238.1
A.C. & C	91,057.3	88,734.9	70,578.7	112,234.0
Recommended changes.—Control agency resource supplementation				
A.C. & C	89,524.4	87,734.9	69,954.7	111,610.0

The suggested level of funding will provide resources adequate to establish a system of hazardous air monitors and upgrade the traditional air monitoring system. The present cost of the monitoring system for traditional pollutants is $30 million. This systems data is often attacked as inadequate by the regulated community. This level of funding assumes that a hazardous air monitoring system costs approximately the same as a monitoring system for traditional pollutants. The existing air monitoring system does not collect data in areas where 60 percent of the new power plants are likely to be built. The estimate assumes that the existing system will be expanded by 50 percent.

Stationary Source Enforcement				
Salaries and expenses	13,038.8	14,232.9	10,101.5	16,064.9
A.C. & C	9,845.0	9,791.2	5,019.1	9,259.2
Recommended changes.—Stationary source enforcement				
Salaries	13,038.8	14,232.9	10,101.5	16,064.9
A.C. & C	8,141.5	9,091.2	5,019.1	9,259.2

The suggested level of funding will provide resources to continue compliance monitoring inspections at the current 1981 levels. Many States have not assumed primacy for the air enforcement program and any reduction in monitoring by EPA now would be counter to what EPA is saying to States assuming primacy and would be unfair to industries that have made the capital expenditures for pollution control equipment.

Mobile Source Enforcement				
Salaries and expenses	4,403.0	3,959.6	3,522.6	4,897.7
A.C. & C	2,199.8	955.6	1,896.5	2,117.5
Recommended changes.—Mobile source enforcement				
Salaries	4,403.0	3,959.6	3,522.6	4,897.7
A.C. & C	2,199.8	955.6	1,896.5	2,117.5

The suggested level of funding provides resources adequate to continue emission testing for vehicle certification at the 1981 levels. These additional resources are necessary to conduct the emission testing program to ensure fair and equal automobile testing across the industry.

EPA WATER PROGRAM

[Amounts in thousands of dollars]

Water	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
R&D				
Water quality nonenergy:				
(S)	13,378.7	12,713.0	10,143.3	13,096.7
(R. & D.)	11,850.7	6,429.7	900.0	8,059.8
Municipal waste-water nonenergy:				
(S)	6,606.0	7,169.8	5,514.8	7,158.3
(R. & D.)	8,132.0	9,398.6	6,117.0	8,878.7

EPA WATER PROGRAM—Continued

[Amounts in thousands of dollars]

Water	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Industrial waste-water nonenergy:				
(S)	3,993.5	3,952.1	3,200.3	5,014.0
(R. & D.)	5,947.3	5,426.5	1,834.7	5,334.3
Total	49,908.2	45,089.7	27,710.1	47,541.8
Abatement, control and compliance				
Water quality State programs management:				
(S)	11,721.3	7,959.8	10,974.9	18,422.4
(A.C. & C.)	14,322.7	8,774.4	2,850.0	10,454.1
Effluent studies and guidelines:				
(S)	5,780.4	5,165.6	4,785.5	6,727.8
(A.C. & C.)	22,392.7	6,578.5	7,448.5	10,471.6
Grants assistance programs:				
(S)				
(A.C. & C.)	97,802.3	60,700.0	40,845.6	61,440.0
Water quality strategies imp.:				
(S)	10,189.9	10,240.1	10,239.4	10,975.8
(A.C. & C.)	7,092.4	4,658.3	4,620.3	5,521.9
Water quality monitoring and analysis:				
(S)	7,981.4	7,894.3	8,791.7	10,686.0
(A.C. & C.)	2,382.5	573.7	375.7	1,472.7
Municipal Source control:				
(S)	28,309.1	26,661.3	18,267.2	18,267.2
(A.C. & C.)	29,721.2	23,777.8	25,502.4	31,849.0
Total	237,695.8	162,983.8	134,701.2	186,288.5
Enforcement				
Water quality enforcement:				
(S)	15,577.1	16,109.2	13,181.0	23,040.0
(A.C. & C.)	3,577.9	1,153.8	176.9	2,099.0
Water quality permits issuance:				
(S)	7,109.9	7,149.2	6,986.6	12,705.0
(A.C. & C.)	4,294.0	4,314.0	3,209.9	5,314.0
Total	30,558.9	28,273.2	23,554.4	43,158.0
Water total	318,236.9	236,796.7	185,965.7	276,988.3

WATER PROGRAM DESCRIPTION

Water Quality Nonenergy

[Amounts in thousands of dollars]

Program element	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Salaries and expenses	13,387.7	12,713.0	10,143.2	13,096.7
Research and development	11,850.7	6,429.7	900.0	8,059.8
Recommended changes—Monitoring systems and quality assurance				
Salaries	2,633.9	2,676.4	2,057.9	2,728.0
Research and development	1,089.6	688.8		924.8

The suggested level of funding will provide resources to continue toxic pollutant measurement, monitoring, and quality assurance on areas where toxics are known to be present and on newly found toxics in the aquatic environment.

Health effects				
R. & D	1,656.1	1,671	200	2,095.9

The suggested level of funding will provide sufficient resources to do health effects assessments on newly discovered toxics. In addition EPA will continue to do health effects assessments on beaches offered by advanced wastewater treatment effluent.

Great Lakes study				
Salaries	776.4	994		994
R. & D	2,654.5	1,500		1,500

The suggested level of funding would continue funding for resesarch and development in the Great Lakes program as part of the continued United States commitment to Canada for this program. Research should continue in particularly the area of newly discovered toxics in the Great Lakes basin.

Environmental processes and effects				
Salaries	7,395.9	7,157.9	6,217.4	7,505.9
R. & D	3,505.9	1,992.5	500.0	3,339.1

The suggested level of funding will provide resources for developing ocean disposal impact assessment techniques and provide extramural support for determining the biological integrity of "hot spots."

Municipal Wastewater Nonenergy				
Salaries and expenses	6,606.0	7,169.8	5,514.8	7,158.3
R. & D	8,132.0	9,398.6	6,117.0	8,878.7

Recommended changes—Environmental engineering and technology

Salaries	4,969.7	5,900.4	4,256.9	5,900.4
R. & D	6,176.3	7,365.8	4,604.1	7,365.8

The suggested level of funding would provide sufficient resources to continue research on toxic pollutants control and in wastewater treatment facilties and in removing toxics from sludge. In addition research of new processes development again with particular emphasis on toxics should continue.

Industrial Wastewater Nonenergy

Salaries and expenses	3,993.5	3,952.1	3,200.3	5,014.0
R. & D	5,947.3	5,426.5	1,834.7	5,334.3

Recommended changes—Technical information liaison

Salaries	171.3	198.4	69.9	198.4

This level of funding will insure that there are adequate resources to disseminate information on industrial effluents and treatment methods to State and local officials. It will also provide resources to track research and development projects and provide a liaison with States and localities.

Monitoring systems and quality assurance

Salaries	2,462.4	1,905.1	1,807.7	2,914.5
R. & D	2,769.5	1,712.6	1,190.2	2,178.0

The suggested level of resources would provide additional support for the research and development for trace priority pollutants in industrial discharges. Better data collection and analyses are needed to develop defensible protocols.

Health effects

Salaries		172.0	16.5	172.0

This level of funding will support the minimum resources necessary to provide in-house expertise to perform risk assessements and determine acceptable industrial discharges in order to protect public health in downstream water supplies.

Environmental engineering and technology

Salaries	1,359.8	1,194.0	1,001.2	1,194.0
R. & D	2,921.3	3,675.9	439.5	2,921.3

The suggested level of resources will allow EPA to launch a large research and development effort on developing and evaluating control technologies for industrial wastewaters with high toxic concentrations.

Environmental processes and effects

Salaries		482.6	305	535.1
R. & D		15.0		30.0

The suggested level of funding will provide EPA adequate resources to identify, measure and evaluate other potentially toxic organic chemicals found in industrial effluents. This data must be of high quality to insure proper risk assessments.

Water Quality State Program Management

Salaries and expenses	11,721.3	7,959.8	10,974.9	18,422.4
Abatement control and compliance	14,322.7	8,774.4	2,850.0	10,454.1

Recommended changes—State program management

Salaries	10,668.3	6,190.3	9,661.4	16,598.1
Abatement control and compliance	5,632.8	3,142.0	350.0	5,454.1

This level of funding provides the resources that were reprogramed out of municipal source control that are necessary to adequately oversee State water quality programs including grants under sections 106, 205(g), 205(j), and 303. In addition this level provides resources to continue the wastewater treatment training program. This level of funding does not represent a net increase in resources for this program.

Great Lakes program

Salaries	751.7	1,396.3	1,313.5	1,824.3
Abatement control and compliance	6,876.9	4,031.7	2,500.0	5,000.0

The suggested level of funding represents the minimum resources necessary to maintain our commitments to Canada and the International Joint Commission. Monitoring of the Great Lakes for toxics will be continued and implementation plans for toxics abatement will be developed. In addition, EPA will work closely with the States to monitor industrial and municipal discharges to insure compliance.

Effluent Standards and Guidelines

Salaries and expenses	5,780.4	5,165.6	4,785.5	6,727.8
Abatement control and compliance	22,392.7	6,578.5	7,448.5	10,471.6

Recommended changes

The suggested level of funding represents the minimum resources necessary to develop and implement effective effluent guidelines. In addition to the effort in promulgating effluent guidelines the agency must provide extensive followup to a published guideline. Testing, further collection of data and cost effectiveness analyses must be undertaken to ensure that the effluent guidelines provide the necessary level of protection while still economically attainable. EPA must implement pretreatment standards as required under sections 304(g), 307(b) and 307(c) of the Clean Water Act. This level of funding will provide resources necessary to assist state NPDES programs with implementing new effluent standards and enforcing pretreatment standards.

Grants Assistance Programs

Abatement control and compliance	97,802.3	60,700.0	40,845.6	61,440.0

Recommended changes—Control agency resource supplementation (Sec. 106)

Abatement control and compliance	51,170.7	51,200.0	40,845.6	61,440.0

The suggested level of funding represents increased assistance for State water quality programs to be used by the States for implementation of the "New Federalism" concept. All States will be encouraged, through the use of the section 106, funds to assume full delegation of EPA water quality programs and seek approval of the NPDES program. Funding will be focused on establishing the infrastructure necessary to assume more responsibility for water quality and pollution abatement under "New Federalism." Section 205(j) funds will be focused on reviewing water quality standards and section 106 funds will provide assistance for the NPDES program operations, nonpoint source control, pretreatment programs, monitoring, ground water management, and other priority programs.

Water Quality Strategies Implementation

Salaries and expenses	10,189.9	10,240.1	10,239.4	10,975.8
Abatement control and compliance	7,092.4	4,658.3	4,620.3	5,521.9

Recommended changes—Dredge and fill

Salaries	2,147.3	2,336.3	2,145.2	2,881.6
Abatement control and compliance	1,306.7	348.9	344.9	1,246.5

The suggested level of funding provides resources adequate to properly review 8,000 section 404 permits and 250 environmental impact statements. In addition, EPA will continue to support enforcement of dredge and fill regulations, actively encourage States to assume 404 permitting authority and develop an effective oversight system of States that have assumed the 404 permits program.

Water Quality Monitoring and Analysis

Salaries and expenses	7,981.3	7,894.3	8,791.7	10,686.0
Abatement control and compliance	2,382.5	573.7	375.7	1,472.7

Recommended changes—Ambient water quality monitoring

Salaries	7,981.3	7,894.3	8,791.7	10,686.0
Abatement control and compliance	2,382.5	573.7	375.7	1,472.7

The suggested funding level provides resources to continue the development and implementation of toxics control strategies, particularly multi-media toxics, POTW toxics and increase the number of pollutants reviewed for section 307(a)(1). EPA should continue to provide States with assistance in setting up monitoring programs and increase oversight activities as State programs are established. Further EPA should improve the water quality information system and the quality assurance program.

Municipal Source Control

Salaries and expenses	28,309.1	26,661.3	18,267.2	[1] 18,267.2
Abatement control and compliance	29,721.2	23,777.8	25,502.4	31,849.0

Recommended changes—Municipal wastewater treatment facility construction

Abatement control and compliance	4,055.8	2,772.5	1,904.4	4,120.0

The suggested level of funding reflects the need for extramural support for the municipal wastewater treatment program. Support for the development of the Needs Survey, assistance in the development of a compliance strategy, and support for the development of a State program oversight strategy are priority activities for the use of these extramural funds.

Corps of Engineers

Abatement control and compliance	20,810	16,232.5	17,387	21,518

The suggested level of funding reflects the Corps of Engineers increased role in achieving results in the agency's highest priority areas; including completion and closeout of construction grants, compliance with permit limitations, ensuring projects are affordable and Federal funds are protected from waste, fraud, and abuse. These efforts are in addition to the corps activities in the construction, management and inspections.

Water Quality Enforcement

Salaries and expenses	15,577.1	16,109.2	13,181.0	23,040.0
Abatement control and compliance	3,577.9	1,153.8	176.9	2,099.0

Recommended changes—Water quality enforcement

Salaries			13,181.0	23,040.0
Abatement control and compliance			176.9	2,099.0

Suggested funding levels provide for compliance inspections each year of all "major sources" in States without permit programs. In addition this level will provide resources to support wetlands and hazardous materials spill enforcement. This level will support the municipal compliance strategy through support for data collection and quality assurance of data on DMR's on minors and support of the continuous compliance strategy.

Water Quality Permits Issuance

Salaries and expenses	S7,109.9	7,146.2	6,986.6	12,705.0
Abatement control and compliance	4,294.0	4,314.0	3,209.9	5,314.0

Recommended changes—Permits issuance

Salaries			6,986.6	12,705.0
Abatement control compliance			3,209.9	5,314.0

Suggested level of funding will provide resources adequate to issue permits to all sources in States without permit programs. This funding level will provide assistance for States developing permits programs and pretreatment programs. In addition, resources will focus on control of toxics from direct and indirect dischargers based on newly completed effluent guidelines.

[1] Salaries were unchanged due to D.O. restructuring. See State program management.

EPA DRINKING WATER PROGRAM

[Amounts in thousands of dollars]

Drinking Water	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
R&D				
Drinking water nonenergy:				
(S)	7,363.9	9,782.0	9,447.2	9,996.2

EPA DRINKING WATER PROGRAM—Continued

[Amounts in thousands of dollars]

Drinking Water	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
(R. & D.)	14,487.5	18,571.5	13,458.3	21,592.5
Total (R. & D.)	21,481.4	28,353.5	22,905.5	31,588.7
Abatement, control and compliance				
Drinking water criteria, stds and guidelines:				
(S)	5,027.9	5,009.8	5,540.0	6,034.3
(A.C. & C.)	3,642.4	2,391.5	2,675.7	3,642.4
Drinking water management:				
(S)	7,619.9	8,633.2	8,672.6	9,970.7
(A.C. & C.)	1,013.4	750.9	0	1,077.0
State program asst. (A.C. & C.)	39,421.5	37,847.5	29,100.2	38,907.5
Total	56,725.1	54,632.9	45,988.5	59,631.9
Enforcement				
Drinking water enforcement (S)	738.2	844.7	856.1	3,164.6
Enforcement Total	738.2	844.7	856.1	3,164.6
Grand Total	79,329.7	83,831.1	69,750.1	94,385.2

DRINKING WATER PROGRAM DESCRIPTION

[Amounts in thousands of dollars]

Program element	Actual 1981	Estimated 1982	Proposed 1983	Suggested 1983
Drinking Water Nonenergy				
Salaries and expenses	7,363.9	9,782.0	9,447.2	9,996.2
Research and development	14,487.5	18,571.5	13,458.3	21,592.5
Recommended changes—Health effects				
Salaries	2,733.0	4,138.9	3,928.7	4,138.9
R. & D	5,555.7	6,854.8	5,198.1	8,961.3

The suggested level of funding will provide resources to do research on the chronic effects of drinking water contaminants on public health. In addition, health risk assessments related to high priority drinking water contaminants will be continued as a high priority activity.

Environmental engineering and technology

Salaries	2,751.0	3,217.3	3,153.3	3,274.1
R. & D	7,017.9	7,560.6	3,726.4	8,039.6

The suggested level of funding will provide resources for research development and evaluation of small systems. Small systems and small water supplies are easily contaminated by ground water. Research into small systems is needed to insure protection of drinking water at a reasonable cost.

Environmental processes and effects

Salaries	818.7	1,245.3	1,078.1	1,296.1
R. & D	1,538.5	3,669.6	3,679.6	3,737.4

The suggested level of funding will provide the resources necessary to support research into the fate and effect of contaminants on underground drinking water sources. Additional funds are provided for disseminating the information gathered from the 5-year ground water research plan to the States to support the State assistance grants for sole source aquifer protection.

Drinking Water Criteria, Standards and Guideline

Salaries and Expenses	5,027.9	5,009.8	5,540.0	6,034.3
Abatement control and comp.	3,642.4	2,391.5	2,675.7	3,642.4

Recommended changes—Standards and regulations development

Salaries	5,016.6	5,009.8	5,540.0	6,034.3
Abatement	3,642	2,391.5	2,675.7	3,642.4

The suggested level of funding will provide resources to develop toxicological opinions for additives to drinking water and to develop criteria for waste water reuse. Both of these activities have been deferred in the fiscal year 1983 budget request.

Drinking Water State Program Resource Assistance

Abatement control and comp.	39,421.5	37,847.5	29,100.2	*48,907.5

*Includes a new program for sole source of aquifer protection.

Recommended changes—Public water system supervision program grants

Abatement control and comp.	30,188.8	29,450	23,560	30,188.8

In order to implement the "New Federalism" concept the suggested level of funding will provide the States with sufficient funds to insure that adequate infrastructure for public water system supervision is in place and that it will be integrated into the State's overall water quality program.

Underground injection control program

Abatement control and comp.	7,218.7	6,574.5	5,540.2	7,218.7

The suggested level of funding provides resources for EPA to actively encourage the remaining 10 States to assume privacy in anticipation of "New Federalism." In addition resources will be adequate to insure effective oversight of State programs.

Special Studies and Demonstrations

Abatement	1,530.3	1,823.0		1,500.0

It is suggested that this program has not been completed and should continue particularly because 10 States have not assumed primacy of the drinking water program. This program is useful in these states.

Drinking Water Management

Salaries and expenses	7,619.9	8,633.2	8,672.6	11,470.7
Abatement control and comp.	1,013.4	750.9		1,877.0

Recommended changes—Public water systems supervision (PWS)

Salaries	5,935.5	5,461.0	4,698.2	5,996.3
Abatement control and comp.	981.0	716.4		1,027.0

The suggested level of funding will provide resources sufficient to provide assistance in nonprimacy States and Indian lands to improve monitoring and compliance. The proposed 1983 level discontinues this effort. The suggested level of funding in addition provides increased funding for oversight of primacy States. As EPA transfers primary responsibility for the program EPA should move into an oversight role.

Underground injection control (UIC)

Salaries	1,684.4	3,172.2	3,974.4	3,974.4
Abatement	32.4	34.5		50.0

The suggested level of funding provides additional extramural funds to provide support to EPA in assisting States to assume delegation of the UIC program.

Drinking Water Enforcement

Salaries and expenses	738.2	844.7	856.1	3,164.6

Recommended changes—Drinking water enforcement

Salaries	738.2	844.7	856.1	3,164.6

The suggested level of funding provides resources to build a drinking water enforcement program that will address the problems cited in the GAO report on drinking water violations. Implementation of drinking water enforcement programs will be encouraged in all States with improvements initiated in existing State drinking water enforcement programs.

EPA HAZARDOUS WASTE PROGRAM

[Amounts in thousands of dollars]

Hazardous waste	Actual 1981	BA 1982	Proposed 1983	Suggestion 1983
R&D				
Hazardous waste, non-energy:				
(S)	4,605.4	7,942.0	11,862.0	28,937.4
(R. & D.)	23,695.9	21,546.3	17,717.2	41,350.7
R. & D. total	28,301.0	29,488.3	29,579.2	70,288.1
Hazardous waste (A.C. & C.)				
Waste management regulations, guidelines, and policies:				
(S)	6,199.3	6,574.0	6,559.0	9,430.0
(A.C. & C.)	14,022.1	12,358.3	17,160.0	20,300.5
Waste management, strategies implementation:				
(S)	6,974.4	7,185.7	11,382.9	12,003.8
(A.C. & C.)	7,411.1	2,093.7	1,629.5	8,240.0
Financial assistance (A.C. & C.)	39,672.4	41,700.0	35,136.6	56,664.0
A.C. & C. total	101,705.1	69,911.7	71,868.0	106,638.3
Hazardous waste enforcement:				
(S)	9,450.2	7,499.2	1,896.5	17,149.8
(A.C. & C.)	1,941.1	328.9	—0—	11,014.2
Enforcement total	11,391.3	7,828.1	1,896.5	28,164.0
Hazardous waste total	141,427.7	107,228.1	103,343.7	205,090.4

HAZARDOUS WASTE PROGRAM DESCRIPTION

Hazardous Waste Nonenergy

Program	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries and expenses	4,605.4	7,942.0	11,862.0	28,937.4
Research and development	23,695.9	21,546.3	17,717.2	41,350.7

Recommended changes—Monitoring and quality assurance

Salaries	1,557.9	2,966.5	3,521.2	7,896.5
R. & D	7,840.2	4,272.1	3,662.1	9,073.8

The suggested level of funding will provide resources to develop and implement monitoring techniques in order to establish an accurate and defensible data base in order to set standards and to determine the environmental and health effects of hazardous toxic chemicals. In addition the oil and hazardous spills program has been transferred into the hazardous waste program requiring resources for equipment and expertise to staff the National Response Teams for spills. Other activities include a major effort in oversight of State and local labs for quality assurance and evaluations of groundwater monitoring systems.

Health effects

Salaries	90.9	142.4	376.5	5,640.0
R. & D	374.0	946.7	691.9	7,250.0

The suggested level of funding will provide resources to do the basic human health effects research on hazardous wastes. This will be accomplished by performing risk assessments to develop criteria to support "listing/delisting" of hazardous waste. The emphasis on health effects research is vital to setting standards and developing technologies to deal with hazardous wastes. This research must be carried out immediately if the control of hazardous wastes is to be achieved in the near future.

Environmental engineering and technology

Salaries	2,495.2	2,511.6	4,524.9	8,484.2
R. & D	14,665.1	14,582.5	10,408.4	18,082.0

The suggested level of funding will provide resources to adopt and develop techniques to assess ecological damage from disposal of hazardous waste. In addition extensive research will be undertaken to determine the effects and uses for landfill and surface impoundment, land treatment, and incineration. This effort must follow closely the health effects research as well as assist in the regulatory development process.

Environmental processes and effect

Salaries	142.0	1,603.2	2,318.2	5,795.5
R. & D	430.6	1,484.4	2,559.9	6,550.0

The suggested level of funding will provide resources to develop methods for measuring the bioenvironmental stress of hazardous wastes. Additional funds will be expended on developing models to determine impacts on groundwater and various processes and effects research is vital to setting standards and developing technologies to provide protection from hazardouos wastes.

Hazardous Management Regulations, Guidelines, and Policy

Salaries and expenses	6,199.3	6,574.0	6,559.0	9,430.0
Abatement, control, and compliance	14,022.1	12,358.3	17,160.0	20,300.5

Recommended changes—Regulations, guidelines, and policies—Hazardous waste

Salaries	5,365.3	6,574.0	6,559.0	9,430.0
A. C. & C.	12,773.7	12,358.3	17,160	20,300.5

The suggested level of funding represents the consolidation of three program elements. This program element now includes regulations, guidelines, and policy development for solid waste and resources provided will allow EPA to speed up the development and promulgation of final rules for RCRA Phase I and Phase II. The budget submission assumes that these final rules will not.

Financial Assistance

Abatement, control, and compliance	39,672.4	41,700.0	35,136.6	56,664

Recommended changes

A.C. & C.	26,726.1	41,700.0	35,136.6	56,664

The suggested level of funding will provide resources necessary to assist States in developing and implementing their hazardous waste programs. Since regulations will become final in FY 1983 many States will need to be encouraged to seek final authorization of their programs. Other States are still in the early stages of developing their programs. The expanded funding is needed to keep States moving toward establishing hazardous waste programs and for providing the additional Federal assistance needed a States phase-in the program.

Program Hazardous Waste Management Regulatory Strategies Implementation

Salaries and expenses	6,974.4	7,187.7	11,382.9	12,003.8
A. C. & C.	7,411.1	2,093.7	1,629.5	8,240.0

Recommended changes

The suggested level of funding represents the resources acheived through consolidation of the HQ and Regions program elements and to provide additional resources to assist States to achieve at a minimum interim authorization of their hazardous waste programs and encourage phase II and final authorization of programs. The extramural funds will provide assistance to the regions in evaluating hazardous waste facilities and implementing permitting programs in unauthorized States.

Hazardous Waste Enforcement

Salaries and expenses	9,450.2	7,499.2	1,896.5	37,149.8
Abatement control and compliance	1,941.1	328.9		16,014.2

Recommended changes—Hazardous waste permit issuance

Salaries	3,226.3	3,775.1		8,649.3
A. C. & C.	23.4			3,759.7

The budget submission says that resources for this program are requested under two other program elements; Hazardous Waste Management Regulatory Strategies Implementation and Management, Guidelines and Policy. The reprogrammings are grossly insufficient to carry out the task of assisting States and permitting in States without permit programs. In order to complete the permitting program within six years, EPA will have to permit 639 facilities in 1983 and assist States in achieving the same goal. The suggested level of resources will be adequate to achieve the FY 1983 goal.

Hazardous waste enforcement

Salaries	2,596.4	3,724.1	1,896.5	8,500.5
A. C. & C.	472.3	328.9		7,254.5

The suggested level of funding will provide resources sufficient to inspect each regulated site once every two years as well as tracing manifests that show problems. This would mean that in FY '83 21,000 inspection would be performed. This is significantly higher than the inspections planned for in the '83 budget request and is basically the reason for the major increases in resources. This program is in the process of staffing up in that it is still a very new initiative at EPA. With the additional inspections the number of enforcement actions will increase.

PESTICIDES PROGRAM

[Amounts in thousands of dollars]

Pesticides	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
R&D				
Pesticides research and development:				
(S)	5,606.7	5,302.1	4,360.6	5,873.2
(R. & D.)	2,292.2	279.3	2,108.2	3,620.5
Total (R. & D.)	7,898.9	5,581.4	6,468.8	9,493.7
Pesticides (A.C. & C.)				
Registration, special registration tolerances:				
(S)	12,048.6	11,939.8	11,842.5	14,211.7
(A.C. & C.)	1,035.6			740.0
Standards setting & RPAR:				
(S)	10,960.3	9,200.7	8,266.2	10,794.6
(A.C. & C.)	17,106.6	10,968.8	11,570.7	17,802.4
Federal and state program support:				
(S)	633.3	513.7		513.7
(A.C. & C.)	64.4			100.0
A.C. & C. total	41,848.8	32,623.0	31,679.4	44,162.4
Enforcement:				
(S)	3,949.0	4,282.1	3,670.1	6,385.8
(A.C. & C.)	11,027.1	11,251.6	8,963.7	14,087.4
Enforcement total	14,976.1	15,533.7	12,633.8	20,473.2
Pesticides total	64,769.8	53,738.1	50,782.0	74,129.3

PESTICIDES PROGRAM DESCRIPTION

Pesticides Research and Development

[Amounts in thousands of dollars]

Program element	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries	5,606.7	5,302.1	4,360.6	5,873.2
R. & D	2,292.2	279.3	2,108.2	3,620.5

Recommended changes—Health effects

Salaries	2,140.1	2,011.3	1,260.0	2,223.5
R. & D	207.7	220.5	1,240.9	1,420.0

The suggested level of funding represents the resources necessary to carry out pesticide exposure assessments on laboratory animals and for field studies of human exposure to pesticides. In the budget submission the pesticide exposure assessments were to be significantly reduced.

Environmental processes and effects

Salaries	2,572.3	2,339.3	2,330.9	2,880.0
R. & D	1,918.8		616.8	1,950.0

The suggested level of funding will provide resources to increase research and information on the environmental effects of pesticides with emphasis on developing better data to use in modeling and predicting impacts of pesticides. The additional information and techniques will be made available with technical assistance to the pesticides program at EPA and in the States.

Registration, Special Registration and Tolerances

Salaries	12,048.6	11,939.8	11,842.5	14,211.7
A.C. & C.	1,035.6			740.0

Recommended changes—Registration

Salaries	7,725.4	7,782.1	7,224.6	8,594.7
A.C. & C.	696.8			500.0

The suggested level of funding will provide resources sufficient to improve the registration process and therefore increase the number of registrations reviewed over the 7,550 reviews carried out in fiscal year 1982.

Special registration

Salaries	2,254.0	1,993.0	2,227.7	2,727.0
A.C. & C.	273.1			120.0

The suggested level of funding will provide resources to insure that the qualtiy of the various reviews will at least be maintained or improved as the Agency now commits to meet the statutory time limits on these permits.

Tolerances

Salaries	2,069.2	2,164.7	2,390.2	2,890.0
A.C. & C.	65.7			120.0

The suggested level of resources will assure the high quality reviews are maintained while meeting the statutory time limit on tolerance petitions. In addition the additional resources will eliminate the backlog of tolerance petitions.

Standard setting and RPAR:

Salaries	10,960.3	9,200.7	8,266.2	10,794.6
A.C. & C.	17,106.6	10,968.8	11,570.7	17,802.4

Recommended changes—Registration standards

Salaries	6,063.2	4,107.6	3,689.9	5,418.1
A.C. & C.	8,115.3	3,913.5	4,180.1	8,400.4

The suggested level of funding will provide increased resources to focus on the registration process and on making significant progress on registration of existing pesticides.

Rebuttable presumption against registration (RPAR) reviews

Salaries	4,771.3	4,988.0	4,470.9	5,271.1
A.C. & C.	8,991.3	7,055.3	7,390.6	9,402.0

The suggested level of funding will provide additional resources to evaluate the RPAR process and improve the process to handle the new requests that will come from the registration standards program.

Federal and State Program Support

Salaries	633.3	513.7		513.7
A.C. & C.	64.4			100.0

Recommended changes—Pesticides use management

Funding for this program will be provided for fiscal year 1983 to continue this valuable service to pesticide users, producers, and officials at all levels of government. Until State pesticide programs are fully operational in all States there is a need for this service at the Federal level. Information and referral services are vital to poison control centers and hospitals for the treatment of pesticide injuries.

Pesticides Enforcement

Salaries	3,949.0	4,282.1	3,670.1	6,385.8
A.C. & C.	11,027.1	11,251.6	8,963.7	14,087.4

Recommended changes—Pesticides enforcement

Salaries	3,949.0	4,282.1	3,670.1	6,385.8
A.C. & C.	61.8	49.7	45.3	105.0

The suggested level of funding will provide resources sufficient to increase the number of inspections to 2,500 and emphasize State enforcement programs. State enforcement programs must be improved and more States need to establish pesticides enforcement programs.

Pesticides enforcement grants

A.C. & C.	8,013.5	8,701.9	6,918.4	11,250.0

The suggested level of funding will be to provide EPA with the grants to encourage and improve state pesticides enforcement programs. This will in addition provide the resources to continue current monitoring activities that were reduced in the budget submission.

Pesticides certification and training

A.C. & C.	2,951.8	2,500.0	2,000.0	3,250.0

The suggested level of funding will provide resources to the 57 State applicator and training programs and the Federal programs in Colorado and Nebraska. These certification and training programs are vital to improving State pesticide programs.

EPA TOXICS PROGRAM

[Amounts in thousands of dollars]

R. & D.	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Chemical testing and assessment non-energy:				
(S)	10,345.7	14,236.8	14,500.1	17,103.8
(R. & D.)	19,952.5	16,939.1	12,148.7	20,686.1
R. & D. total	30,298.2	31,175.9	26,648.8	37,789.9
Abatement, control and compliance				
Toxic substances strategies:				
(S)	19,177.9	18,177.2	16,926.3	19,452.8
(A.C. & C.)	39,594.9	23,537.7	22,396.0	39,746.6
A.C. & C. total	58,772.8	41,714.9	39,322.3	59,199.4
Enforcement				
Toxic substances enforcement:				
(S)	2,450.2	3,289.4	2,425.9	5,632.9
(A.C. & C.)	2,568.6	1,197.6	207.0	3,404.9
Enforcement total	5,018.8	4,487.0	2,632.9	9,037.8
Toxic total	94,103.8	77,377.8	68,604.0	106,027.1

TOXICS PROGRAM DESCRIPTION

Chemical Testing and Assessment Nonenergy

[Amounts in thousands of dollars]

Program element	Actual 1981	BA 1982	Proposed 1983	Suggested 1983
Salaries	10,345.7	14,236.8	14,500.1	17,103.8
R. & D.	19,702.5	16,939.1	12,148.7	20,686.1

Recommended changes—Health effects

Salaries	3,060.7	4,789.9	5,556.6	6,057.1
R. & D.	5,396.3	5,698.1	3,455.8	5,755.3

The suggested level of funding will provide resources to cover higher laboratory costs as well as the development of test guidelines and rules and new chemical reviews. The increase in resources is for continuing long term health effects research. The budget submission moves the majority of resources in long term research and focuses them on short term regulatory needs. This allows the toxics program to take an overall reduction in resources.

Environmental engineering and technology

Salaries	502.2	673.7	384.9	1,218.1
R. & D.	798.1	965.9	142.7	1,142.7

The suggested level of funding will provide resources to provide technical support to the office of toxic substances for review of premanufacturing notifications. The number of these notifications is expected to increase in fiscal year 1983.

Environmental processes and effects

Salaries	4,862.0	6,082.9	6,239.8	7,509.8
R. & D.	6,658.3	4,373.0	3,189.1	6,089.0

The suggested level of funding will provide increased resources for the development of predictive techniques in particular structure-activity methods. In addition technical assistance to the Office of Toxic substanes and the regions in reviews of premanufacturing notifications and additional assistance to increased long term research activities.

National Center for Toxicological Research

R. & D.	3,173.0	1,823.3	910.0	3,323.0

The suggested level of funding provides resources to improve and maintain a long term toxics research program at EPA. The budget submission doesn't recognize long term toxic research as a priority.

Toxic Substances Strategies

Salaries	19,177.9	18,177.2	16,926.3	19,452.8
A.C. & C.	39,594.9	23,537.7	22,396.0	39,746.6

Recommended changes—Testing and evaluation

Salaries	6,842.9	7,647.5	6,652	7,068.3
A.C. & C.	18,324.7	10,212.2	12,863	18,823.3

The suggested level of funding will provide resources sufficient to investigate new chemicals as well as continue an active testing program for chemicals currently in use, the budget submission suggests that resources can be cut because industry will provide resources to do voluntary testing of these chemicals. It is currently not known whether industry will voluntaryily test chemicals. If industry does testing there will need to be an effective oversight system developed. This level of resources will ensure that chemical testing will continue at the current pace.

Chemical control

Salaries	4,327.1	4,782.8	4,618.0	5,090.7
A.C. & C.	6,558.6	5,473.9	3,718.9	6,930.0

The suggested level of funding will provide the minimum resources necessary to continue doing risk assessments and regulatory analyses. The budget submission says industry will pick up these activities through the voluntary control program. It is again unknown what the industry involvement will be and as with any self-monitoring, self-control program an effective oversight program must be developed to ensure that EPA and industry are meeting the requirements of TSCA. This level of resources will provide that assurance.

TSCA information

Salaries	5,792.3	4,357.7	4,494.6	5,755.9
A.C. & C.	11,276.8	5,932.5	3,460.0	10,531.2

The suggested level of funding will provide resources to handle an increased number of premanufacture reviews. Without additional resources the toxic information offices will be under great pressure to reduce the quality of the reviews in order to get them completed. Premanufacture notification is only 90 days prior to manufacturing. Therefore to maintain the quality of these reviews additional resources are needed.

Toxics integration

Salaries	1,453.9	1,389.2	1,161.6	1,537.9
A.C. & C.	3,262.4	1,919.1	2,353.4	3,462.1

The suggested level of funding provides resources sufficient to provide increased assistance to States trying to establish toxics management programs. Although TSCA doesn't describe a major State role, under the "New Federalism" concept EPA will encourage States to develop toxics management programs through an improved Chemical Substances Information Network as well as technical assistance.

Toxic Substances Enforcement

Salaries	2,450.2	3,289.4	2,425.9	5,632.9
A.C. & C.	2,568.6	1,197.6	207.0	3,404.9

Recommended changes—Toxic substances enforcement

Salaries	2,450.2	3,289.4	2,425.9	5,632.9
A.C. & C.	1,568.6	697.6	207.0	3,404.9

The suggested level of funding represents an increase in resources for toxics enforcement based on an increase in inspections and enforcement actions. The Toxic Substances Control Act doesn't contemplate a State role in toxics control. Therefore EPA must carry the responsibility for protection from toxic substances. This level of funding should be sufficient to conduct 17,000 inspections and process an estimated 1500 enforcement actions.

Toxic Substances Enforcement Grants

A.C. & C.	1000.0	500.0	0	500.0

The suggested level of funding will be sufficient to continue the pilot State grant program for model chemical control programs.●

Mr. LEAHY. Mr. President, I hope that Members of the Senate will realize that without this money, what we are saying is that we are going to be repealing, de facto repealing, the environmental laws that we have worked over a generation to build up.

I am pleased and proud to be joined in this amendment by my distinguished colleague from across Lake Champlain, the distinguished Senator from New York.

Mr. President, I yield to him.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, only a Vermonter could be so gracious at this hour of the morning. Yet here we are with the distinguished assistant manager of the legislation, our friend from Idaho. It is perhaps not the worst thing that representatives of three States that have been more than normally sensitive to environmental issues, having more than normally attractive environments to be sensitive about, should be here on the floor this morning.

Mr. President, I am joining my distinguished colleague and friend (Mr. LEAHY) in cosponsoring this amendment because, as with many members of the Committee on Environment and Public Works, I have grown concerned that the Environmental Protection Agency is not being supported at the level which enables it to carry out the Nation's environmental laws. I am also concerned that, contrary to an argument which I have had occasion to present on this floor on more than one subject—that budgetary reductions are being made in programs on the grounds that the programs do not need the money or that, in some way or another, it is something internal to the program that makes the reduction necessary (as the case of the $40 billion that was contemplated in social security reductions) here, we are seeing a pattern in which opposition to a particular program occasions the call for reductions in its support.

In the first set of cases, there is no particular opposition as such to the program, or no necessary one.

What is sought are revenues to offset the largest deficits in peacetime history in the United States, the consequences of a failed economic policy, which have to be mitigated and to some extent covered up by cutting programs here and there and elsewhere in order simply to obtain resources.

Mr. President, I have grown concerned, I think my friend from Vermont has grown concerned, that what we see in the environmental program of the country right now is the repeal of legislation by the denial of funds. If you do not have money to enforce the toxic waste program, the drinking water program, the clean air program, then you might as well not have those acts; you have in effect repealed them, and that is our concern here and that is what brings us to the floor at this hour.

The Senator from Vermont has explained in some detail the justification for adding $248 million in budget authority to the Environmental Protection Agency for fiscal 1983 for the operating budget. That is $98 million for the Agency's hazardous waste program, $40 million for the water program, $39 million for the air program, $29 million for the toxics program, $23

million for the drinking water program, and $20 million for pesticides.

I would like to speak with particular concern to the issue of the Superfund. This legislation passed only by the last Congress and at the last hours of that Congress. It is surely fair to say that it came about in the aftermath of the discovery of the toxic chemical waste dump to Love Canal in Niagara Falls, N.Y.

The Environment and Public Works Committee, of which I am a member led the efforts to bring about some comprehensive Federal response mechanism to deal with abandoned hazardous waste dumpsites, and I think it is fair to say that I was one of the principal persons involved.

Mr. President, the question of waterborne toxic substances is becoming to this age of chemistry what, until the last century, had been the problem of waterborne bacteria a problem occuring throughout the history of dense human settlement. It is only in the 19th century that such diseases as cholera were finally eliminated, and late in the 19th century the discovery that they were waterborne diseases and that water could be made clean.

In the 20th century there has been an enormous expansion of the field of chemistry, and only slowly the discovery that chemical compounds used for wholly different purposes, having nothing to do with human consumption, could in fact be deadly or at least dangerous to an unacceptable degree. For example, the PCB's, which were developed as an insulation, collant in effect, for electric motors, turned out to be a harmful contaminant adversely affecting a major portion of the Hudson River. Learning that waterborne toxic wastes are the problem they are, we in the Environment and Public Works Committee faced the question of how to develop a Federal response mechanism.

One of the basic difficulties was to find who was responsible for the deposit of the toxic waste, who was, as my friend from Vermont has said, the midnight dumper. The very designation suggests you do not know. Who buried the drums now disintegrated in a dumpsite and seeping miles and miles away? Where is the dumpsite in the first place if all you detect is the seepage and its toxic content? What of the firms who have gone out of business, who can be identified but are not there? What if the persons or corporations which might be responsible but do not admit responsibility or do not have sufficient resources to pay claims rendered against them? Will litigation be required?

These are difficult questions and legitimate ones. We do not want a country in which people can be found in dereliction of some rule and held accountable without any due process. In many cases the events involved were not derelictions at the time, and certainly in many cases there was no intent to harm.

Yesterday in our committee we were holding hearings on toxic wastes, having to do with the problem of sole source aquifers for clean drinking water. The county executive of the county of Suffolk, which is the eastern county of Long Island, made the strikingly important point that the drinking water that is now being pumped from wells in that county fell as rain 50 years ago. It took 50 years to make its way down into the aquifer before being pumped up, and when toxic compounds appear in such an aquifer—they have not in eastern Long Island, and it is our purpose that they should not—who is to know what happened 50 years ago and where to trace responsibility.

The point of the Superfund was that we would clean up first and ask questions afterward. We would impose a small tax on a limited number of toxic chemicals produced in this country by a relatively small number of firms—in the range of 1,000—a tax that can be collected efficiently. It goes into a trust fund, and this fund is there to clean up hazardous waste sites or spills, for dealing with situations where nobody could be found accountable or where there is a question of accountability but it would have to be litigated. We clean up first, ask questions and take cases later.

The money is assigned to this purpose. It can be used for no other purpose, like the highway trust fund.

The Office of Management and Budget indicates that there will be approximately $582 million in the Superfund Trust Fund available to be spent during fiscal 1983. That money is there. That is the only program it can be used for. The administration asks that about half that amount, $230 million, be made available in budget authority for fiscal 1983. That, it is estimated, would result in 197 sites and/or spills receiving direct financial assistance. This is some one-quarter more than would be the case if the funding were held at the 1982 levels.

The situation is that the administration's request is not even being honored. The budget resolution we are now considering simply continues Superfund at the 1982 level. The Committee on Environment and Public Works recommended increasing the administration's $230 million request for the Superfund by $20 million to insure that the Department of Health and Human Services and the Department of Justice receive adequate allocations from EPA to carry out their respective responsibilities under the law. EPA has to investigate. The Justice Department has to litigate. HHS has to perform health studies.

However, Mr. President, that has not been the judgment of the closed groups that reached the final figures that are before us in the concurrent resolution on the budget. Had those groups been open, they would have heard from us in this matter. They would have heard from us in the matter of the Superfund and not less with respect to the large panoply of EPA responsibilities.

The PRESIDING OFFICER. The Senator from New York should take notice that the proponents of the amendment have less than 1 minute remaining.

Mr. MOYNIHAN. I thank the distinguished Senator from Washington for so informing me, and I happily yield to the Senator from Vermont. I had concluded my remarks anyway.

● Mr. KENNEDY. Mr. President, I am pleased to support this amendment to assure that the Environmental Protection Agency in general, and the Superfund program in particular, are funded at an effective level.

We cannot stand idly by and watch the progress of the past two decades in protecting our environment come to a sudden halt. That is exactly what is happening as the result of the crippling budget cuts being proposed for the Environmental Protection Agency.

The need for adequate resources for EPA is especially critical in light of the expanded regulatory and enforcement responsibilities which Congress has given the Agency in the Toxic Substances Control Act, the Superfund Act, and the Resource Conservation and Recovery Act, among others.

Under the Toxic Substances Control Act, EPA is required to review and control, when necessary, 55,000 existing chemicals and approximately 1,000 new chemicals introduced each year. Congress also ordered EPA to regulate over 42 million tons of hazardous waste from initial shipment through permanent disposal. Finally, Congress enacted the Superfund law, which gives EPA responsibility for cleaning up hazardous waste dumpsites. These new authorities for regulation to toxic pollutants go far beyond EPA's traditional jurisdiction of clean air, clean water, and safe drinking water, and effectively double its workload for the period covered by this budget resolution.

This amendment provides for essential increases in the EPA operating budget for programs in the areas of air and water quality, drinking water protection, hazardous wastes, pesticides and toxic pollutants. The additional funds will enable the Agency to carry out research and monitoring necessary to establish a sound foundation for regulatory efforts, and to enforce pollution statutes in a manner that assures prompt attention to environmental problems.

The amendment calls for a $250 million budget for the Superfund pro-

gram in 1983, rather than the $190 million that would be allocated if we freeze at fiscal year 1982 budget levels. The increase over 1982 levels is justified for several reasons.

There is no question that the improper disposal of hazardous waste is one of our Nation's most serious environmental problems. The Environmental Protection Agency estimates that as many as 30,000 dumpsites nationwide may pose significant health problems to the public. Millions of Americans are exposed each day to potentially serious health effects as the result of improper disposal of hazardous waste.

Congress enacted legislation in 1980 creating a Superfund to finance cleanup of abandoned hazardous waste dumpsites. The Superfund law provides ample revenues for Superfund in the form of an environmental tax on industry. It is essential that Congress appropriate enough of these revenues to get the cleanup job done, and done quickly.

The Environment and Public Works Committee, after a careful examination of the need for cleanup funds and the ability of EPA to expend the funds in a responsible manner during 1983, recommended the $250 million contained in this amendment. Further, the administration requested $230 million for Superfund for 1983. This amendment includes an additional $20 million over the administration request that would be transferred to the Department of Justice and Health and Human Services for conducting enforcement actions and indepth health studies.

Unfortunately, I am only too aware of the serious need for health studies because of the hazardous waste problems in Massachusetts. The lack of reliable health data has contributed to widespread public fear and confusion over the risks that hazardous waste disposal sites pose to human health.

We can all understand and sympathize with the emotions that are aroused when a community must deal with the human tragedy of an unusually high incidence of cancer, or other serious, irreversible illnesses. We need comprehensive, thorough health studies to identify the health dangers attributable to hazardous waste disposal sites and to establish public confidence in the Government's ability and desire to protect them from these dangers.

The additional funds for Superfund in 1983 are especially important because the national priority list which establishes candidates for Superfund cleanup will be completed by EPA this fall. This list will more than triple the number of sites at which EPA must begin work to evaluate the hazardous waste problem and devise a remedy.

It is extremely important to keep in mind that our appropriation for Superfund does not come from general revenues. Close to $600 million will be on deposit in Superfund in 1983 from the environmental tax. These revenues have been collected specifically to clean up hazardous wastes, and the money should be expended for that purpose. Adoption of the amendment will leave more than $300 million in the fund for cleanup in future years. I urge that this amendment be adopted.●

Mr. DOMENICI. Mr. President, I must oppose this amendment. The amendment provides $308 million in budget authority more for EPA—$248 million for its operating budget and $60 million for Superfund—than is assumed in the budget resolution. Under the budget resolution, EPA, as well as most other discretionary programs, is assumed to be funded at the fiscal year 1982 level.

As a member of the Environment and Public Works Committee, I have been as supportive as anyone in insuring that EPA continues to protect our environment. But the Chair knows as well as I do that more money does not necessarily mean that they can do the job better. There is always a question as to exactly how much is enough to do what needs to be done. As a member of EPA's Senate authorizing committee, I joined in its recommendation that EPA's operating budget be held at the fiscal year 1982 level. That recommendation provides $125 million more for EPA than the President requests for fiscal year 1983. As you know, the approach of holding discretionary spending to fiscal year 1982 levels in the budget resolution provides more for these programs than they would receive if the President's budget were agreed to. We took that approach because we felt that most of these programs were cut about as much as they should be cut in last year's budget.

In any case, Mr. President, adding more money for the EPA in this budget resolution is not going to insure that EPA actually gets it. As is true with every single discretionary program in this budget, the Appropriations Committee and the full Senate will have the final say. That is as it should be.

That applies to the additional funding sought for Superfund in this amendment as well. While the fund is primarily made up of collections from excise taxes on chemicals and oil and is a dedicated trust fund, it is still subject to appropriations. Adding money for it here will not guarantee that it gets it in the end.

I repeat that the budget resolution assumptions—and they are only that, assumptions—for EPA overall provides more for the Agency than is requested by the President. I know that the Appropriations Committee will exercise good judgment in allocating its crosswalk funding among the subcommittees and will increase or decrease programs as it deems necessary.

Mr. CRANSTON. Mr. President, as the Senate considers the first concurrent budget resolution and the Environmental Protection Agency's operating budget in particular, I believe that it is useful to consider what this budget means in terms of a State's ability to carry out environmental pollution control programs. One group, the Coordinating Committee on Pesticides and Toxics based in Albany, Calif., has analyzed the impacts the Reagan administration fiscal year 1982-83 budget cuts would have on California pollution control programs. Not surprisingly the report concludes that it will be easier to pollute and harder to enforce pollution control. Mr. President, I ask unanimous consent that portions of the report appear in the RECORD immediately following my remarks.

I am pleased to cosponsor the amendment offered by my colleagues Senators LEAHY and MOYNIHAN. It is a modest and vital effort to limit the setbacks in our control of hazardous wastes and toxic pollutants and cleanup of existing waste sites. Mr. President, I urge adoption of the amendment.

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

PROJECTED IMPACTS OF EPA BUDGET CUTS ON CALIFORNIA POLLUTION CONTROL PROGRAMS FOR FISCAL 1982-83

INTRODUCTION

The effects of the EPA budget cuts on California can be described in one sentence. "It will be easier to pollute, and harder to enforce pollution control." Enforcement actions are based on regulations and on monitoring data. The regulations are developed from research. With major EPA cuts in monitoring, staff, and research monies, delays in promulgation of regulations are inevitable, and monitoring data, already deemed inadequate, will diminish. Field inspections, also currently insufficient in every state agency dealing with pollution and within EPA, will be cut. We therefore project fewer enforcement proceedings in California as a direct result of EPA budget cuts. It seems clear that, should you go to court against an environmental polluter without monitoring data or regulatory standards sufficient to uphold your claim, you will not prevail.

"We were hopelessly behind anyway", one EPA staffer said. "The budget cuts will just add deadlines we will miss to the deadlines we've already missed. The agency response will probably be to rewrite or eliminate deadlines."

CLEAN AIR

"The Air Resources Board has primary responsibility for protecting air quality in California. This responsibility includes establishment of ambient air quality standards for specific pollutants, evaluation of standards adopted by the EPA, and development and implementation of the State Implementation Plan for the attainment and the maintenance of these standards. The plan includes emission limitations for vehic-

ular and industrial sources established by the Board and local air pollution control districts."—Governor's Budget Proposal, 1982–83, Resources Section, p. 52.

With the responsibility for administration of the Clean Air Act in California, the Air Resources Board has a budget of $55 million for fiscal 1981, and the same for fiscal 1982. Of this, 2.38 million came from the EPA in fiscal 1981, which includes the EPA grant for that year and carry-over money from the previous year. The EPA grant to the state in fiscal 1982 is 1.85 million dollars, and the total EPA money available to the ARB in this fiscal year is 1.93 million dollars. For fiscal 1983, the EPA grant is projected to be 1.8 million dollars, and the total available EPA money will be $2,167,000 at best current estimate. The 18 percent cut in the grant, amounting to half a million dollars, may appear insignificant; however it represents a potential loss of eleven positions, during the period in which additional tasks are being described. The new tasks are focussed on the control of toxic substances in the air, with 7 positions asked for, and in the study of acid rain in California, with 4 positions requested. These are, of course, the areas in which we have the least information and the most pressing need for new information.

In addition to the cuts at the state level, research on air quality which directly affects California will be cut in fiscal 1983 by a minimum of $17 million by EPA. These cuts will hurt us for the next decade for two reasons. One is, of course, that research is the basis of regulations, but more significantly, air pollution causes billions of dollars of damage to crops, buildings, and human health every year. Without research, we will be forced to make regulatory decisions with an inadequate information base, which can only impact the 23 million people of California detrimentally.

Local air quality management districts are more dependent on federal money for their pollution control responsibilities than is the Air Resources Board. The local districts are direct recipients of EPA grants. The following chart shows the effects of 20 percent budget cuts in EPA money to local air districts in California.

Air district	Total budget	Fiscal year— 1981 grant	1982 grant	1983 projected grant
Bay area	$9,400,000	669,000	535,200	428,200
Fresno	700,000	190,000	152,000	212,600
Kern	900,000	112,000	90,000	72,000
Monterey	600,000	80,000	64,000	51,200
Sacramento	800,000	161,000	129,000	103,200
San Diego	3,100,000	538,000	430,000	344,000
Santa Barbara	500,000	92,000	74,000	59,200
South coast (includes Los Angeles)	21,900,000	1,488,000	1,191,000	952,800
Ventura	1,300,000	179,000	143,000	114,400

Source: Air Resources Board, State of California.

Note—Total Loss to districts from fiscal year 1981 to fiscal year 1982: $700,800. Total projected loss from fiscal year 1982 to fiscal year 1983: $561,600.

CLEAN WATER

The loss of EPA funding will have a devastating effect on California. The decrease in construction grants effectively stops industrial, commercial and residential development from proceeding in the state, and cripples the regulatory program. The State Water Board is facing a $1.9 million shortfall in fiscal year 1983, and will probably lay off 80 people in July 1982; and perhaps another 50 personnel next year. There are hundreds of projects which request or require sewage treatment construction, either for increased use or to correct present health hazards. The list of projects far exceeds the available funds, and there will be no list of projects generated in 1982, as the extant list is already too large. While enforceable requirements of the Clean Water Act will not be cut, water pollution control, especially with respect to toxics in the water and smaller communities seeking to grow in no-urban areas will be hurt. The loss of personnel directly affects the state's ability to write waste discharge requirements, and to inspect and enforce water pollution control facilities and sources. Investigations of industrial, toxic, and pesticide pollution of the state's water will be cut. The identification of problem areas is currently inadequate, and cannot improve under the current budget. There may not be funds sufficient to complete the San Francisco sewer project. A projected 20 percent cut in 106 grants for research and monitoring will but the state's ability to do enforcement against water polluters. Each of the above statements has been made, more than once, by staff of the State Water Resources control Board.

California gets EPA money for clean water and wastewater construction grants under a complicated formulaic process. In fiscal year 1981, Congress appropriated $3.4 billion nationwide for construction grants. California's share was based on 7.841 percent, or $266,594,000. Out of this, $7,841,000 is set aside for administration of the Clean Water grant program. This represents 4 percent of the authorized $5 billion in this program. In addition, the state received "106" grants, for water pollution control, and aditional funds for urban runoff, planning, underground injection, Bay-Delta investigations, and other concerns. There's an enormous amount of money involved. With the exception of construction grants, of which the federal government pays 75 percent and state and local governments pay 12.5 percent each, the highest fraction of the funds involved in water pollution control come from the state. When the EPA gave $3 million for a water pollution control grant, the state's share was $10 million. Where the federal input has been $12 million, the state's portion has been closer to $24 million. The following chart shows the breakdowns of clean water programs and funding. It is helpful to bear in mind that these figures are based on the assumption that Congress will continue to fund construction grants at $2.4 billion in Fiscal Year 1983.

The basic grant to California in Fiscal Year 1981 was $7,841,009. Actual expenditures were $6,667,000. This is the 205g grant. The same grant in Fiscal Year 1982 is $7,751,996, and it is so far stalled, and may not be granted. The projection for Fiscal Year 1983 is $7,495,000.

Grant	Fiscal year— 1981	1982	1983 projected
106 (water quality)	2,974,000	3,276,000	2,555,000
205g (clean water)	6,667,000	7,251,976	7,495,000
208 (planning)	1,322,000	1,589,000	[1] 644,000
Underground injection	495,000	606,386	308,000
Urban runoff	221,800	282,000	231,000
U.S. Army Corps staff on loan to California	109,000	1,207,000	988,000
Minority business grants	0	0	375,000
Bay-Delta program	0	100,000	0

[1] Will be 0.

Source: State Water Resources Control Board.

HAZARDOUS WASTE

Congress passed the Resource Conservation Recovery Act (RCRA) in 1976 to deal with the immense problem of hazardous waste in the United States. While California's hazardous waste management plan is acknowledged to be the nation's best, our job is by no means completed, and the state Department of Health Services continues to expand its workload in response to the growing size, nature and knowledge of the hazardous waste load in California.

The tasks of the department (DHS) relative to hazardous waste are immense. A look at the listings in the current budget proposal is educational. Some budget breakdowns are also informative. Last year, FY81, DHS' budget for toxics, which includes hazardous waste and hazardous waste research, was $14,685,000. The federal EPA grant was $2,376,000. In FY82, the DHS budget for toxics is $16,014,000. The EPA grant is $3,301,389. In FY83, the department is asking for $27,600,000 for toxics, which will include greatly expanded tasks. The projected EPA grant is $2,819,000.

The EPA grants are for ongoing hazardous waste monitoring, permitting, and enforcement; for developmental programs in response to additional legislative mandates; and for support programs, including new technology, public participation, siting decision-making, etc. In FY81, the grant was limited to development of the state's interim authorization plan under RCRA, and allowed for permits, surveillance, and enforcement. These aspects of the state's program will not be touched by loss of federal funds. However, it is interesting to note that the state has no mandate under RCRA to identify generators of hazardous waste. DHS has been receiving notification from EPA of such generators in California. Some 7- or 8,000 such generators have been identified, and the state will now have to take upon itself the responsibility for further identification of generators, if the EPA, with reduced staff, cannot accomplish the job.

The EPA budget cuts will probably come out of the public participation program, for which an 8-person office has been asked, out of the alternative technology development program, and out of country contracts for enforcement. This comes at the same time that the state is expanding these programs by more than 100 person-years, to meet the growing workload.

The Department of Health Services has not requested all the inspectors for monitoring and enforcement they need to meet their goals. They expect to meet their inspection goals for hazardous waste facilities, but not for generators or haulers. This year, one inspector inspected 13 major facilities and 32 minor facilities. Next year, it is expected that an inspector will handle 45 major facilities and 50 minor ones. Clearly, the department will be understaffed to do the most minimal necessary part of the job.

TOXIC SUBSTANCES

In 1976, Congress passed the Toxic Substances Control Act (TSCA) to identify toxic chemicals and protect the public from those compounds which are a public health hazard. It requires of EPA a pre-market review of new chemicals, and a review of all chemicals already in use, with regulation of those which pose "unreasonable risk" to the public health and safety. The compound most widely known which falls under this

law is PCB—polychlorinated biphenyls. In order to deal with PCB's alone, EPA has required the ban of further manufacture, location of PCB's in equipment such as transformers nationwide, safe storage until destruction, and the identification of safe incineration facilities.

In California, numerous incidents involving PCB's have occurred. The state Department of Health Services has budgeted $5,800,000 for FY 83 for PCB's alone, and in FY 82 the legislature appropriated $3.6 million to remove leaking PCB equipment from state-owned facilities, according to the state budget. The current EPA grant to California for monitoring of compliance with PCB regulations is $299,746. This is a 15-month pilot grant, made to five states, one of which is California. The pilots are being dropped by EPA.

EPA estimates that there are several million pounds of PCB's in Region IX, which includes California, to be disposed of at a rate of 670,000 pounds per year over the next decade. Solids contaminated with PCB's can be as much as 10 times that amount, or more than 6 million pounds per year. Currently, there are no facilities in California for the disposal of liquid PCB's and one landfill has been approved for receiving them.

The EPA grant is supposed to:

Allow increased monitoring of spill cleanup,

Expand the spill notification program,

Increase surveillance of industrial areas for PCB's, and

Do sampling and analyses and take enforcement actions in cases involving PCB's.

The Department of Health Services is to conduct 169 investigations and take 585 samples of contaminated soils and spills under the grant. The Department is also to develop and conduct spill and disposal monitoring with major PCB users, such as utilities, under this grant.

PESTICIDES

The major industry of California is agriculture. The California Department of Food and Agriculture has the responsibility for enforcement of pesticide regulations, affecting the lives, health and safety of millions of Americans, including the consumers of California-grown food. In enforcement of pesticide regulations, California's laws are more stringent than the federal law, the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA).

The current CDFA regulatory budget is $10,242,683 (FY82). EPA's contribution is for pesticide enforcement. The EPA grant is $540,500, down from the prior fiscal year grant of $640,500. The federal grants have been higher in the past, and have been as high as $1.5 million. Current projections indicate that the grant will fall to $500,000 in FY83. By contrast, CDFA is proposing a $16 million program increase for pest prevention and detection, according to the current Governor's budget proposal.

Last year's EPA grant was to go to the following tasks:

2,509—Urban pesticide use inspections.

167—Pesticide producer establishment inspections.

247—Pesticide producer establishment samples.

3,438—Market surveillance and inspections.

1,323—Market samples.

97—Dealer inspections.

9—Pesticide import samples.

2—Experimental pesticide use permits.

29—Special requests from EPA.

This year's EPA grant is to go to the following tasks:

1,600—Urban pesticide use inspections.

150—Pesticide producer establishment inspections.

200—Pesticide producer establishment samples.

0—Market inspections.

0—Market samples.

0—Dealer inspections.

Up to 20 pesticide import samples.

Up to 20 experimental pesticide use permits.

An undetermined number of special requests from EPA.

The market and dealer inspections and samples have been dropped from the grant. The rationale is apparently that the state has a solid and ongoing program which does not require federal funding.

(The name of Mr. MITCHELL was added as a cosponsor of the amendment No. 1488.)

Mr. LEAHY. Mr. President, a parliamentary inquiry. Have the yeas and nays been ordered on this amendment?

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

Mr. LEAHY. 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.

The PRESIDING OFFICER. Who yields time?

Mr. LEAHY. If we have any time remaining, I reserve it.

The PRESIDING OFFICER. The Senator has 21 seconds.

Mr. LEAHY. I yield it back.

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

The PRESIDING OFFICER. Under the previous order, the vote on this amendment will be postponed until 11 o'clock.

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

Am I correct in my understanding that whatever votes are stacked between now and 11, this would be the first item to be voted upon at 11 o'clock?

The PRESIDING OFFICER. The Senator is correct.

Mr. LEAHY. I thank the Chair.

Mr. SYMMS. Mr. President, I ask unanimous consent that the time for the quorum call I am about to request be charged equally against both sides, on the bill.

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

Mr. SYMMS. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COHEN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

UP AMENDMENT NO. 970

(Purpose: Reduce the budget deficits for fiscal years 1982, 1983, 1984, and 1985 by reducing budget authority and outlays for function 150)

Mr. MELCHER. Mr. President, I have an amendment which will save some money for the taxpayers.

While we have cut almost all domestic programs, in fact, it is hard to find a domestic program that has not been cut, foreign aid spending keeps going up. It keeps getting increased. The programs covered by our foreign aid budget have not been cut and are not cut in this budget resolution. If we would adopt the budget resolution as presented to us, it would increase the amount for foreign aid under function 150, $400 million this year and increase it slightly over $1 billion in each of the fiscal years 1983, 1984, and 1985.

I believe it is necessary to offer an amendment to correct that.

Mr. President, I send an amendment to the desk on behalf of myself and Senator DECONCINI and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Montana (Mr. MELCHER), for himself and Mr. DECONCINI, proposes an unprinted amendment numbered 970:

On page 2, line 17, strike "$777,600,000,000" and insert in lieu thereof "$777,100,000,000".

On page 2, line 18, strike "$835,300,000,000" and insert in lieu thereof "$830,800,000,000".

On page 2, line 19, strike "$897,000,000,000" and insert in lieu thereof "$892,000,000,000".

On page 2, line 20, strike "$972,800,000,000" and insert in lieu thereof "$987,800,000,000".

On page 2, line 23, strike "$740,700,000,000" and insert in lieu thereof "$740,300,000,000".

On page 2, line 24, strike "$783,600,000,000" and insert in lieu thereof "$781,500,000,000".

On page 2, line 25, strike "$832,300,000,000" and insert in lieu thereof "$830,000,000,000".

On page 3, line 1, strike "$889,400,000,000" and insert in lieu thereof "$887,200,000,000".

On page 3, line 5, strike "$117,700,000,000" and insert in lieu thereof "$117,300,000,000".

On page 3, line 6, strike "$115,400,000,000" and insert in lieu thereof "$113,300,000,000".

On page 3, line 7, strike "$91,300,000,000" and insert in lieu thereof "$89,000,000,000".

On page 3, line 8, strike "$64,400,000,000" and insert in lieu thereof "$62,200,000,000".

On page 6, line 2, strike "$16,800,000,000" and insert in lieu thereof "$16,300,000,000".

On page 6, line 10, strike "$16,200,000,000" and insert in lieu thereof "$11,700,000,000".

On page 6, line 19, strike "$16,700,000,000" and insert in lieu thereof "$11,700,000,000".

On page 6, line 22, strike "$21,000,000,000" and insert in lieu thereof "$16,000,000,000".

On page 6, line 2, strike "$11,400,000,000" and insert in lieu thereof "$11,000,000,000".

On page 6, line 11, strike "$12,000,000,000" and insert in lieu thereof "$10,000,000,000".

On page 6, line 20, strike "$12,300,000,000" and insert in lieu thereof "$10,000,000,000".

On page 6, line 23, strike "$12,200,000,000" and insert in lieu thereof "$10,000,000,000".

Between lines 23 and 24 on page 6, add the following:

"Not withstanding any of the budgetary limits placed on function 150, the United States shall continue to meet the financial commitments made to Israel and Egypt in conjunction with the Camp David Accords."

Mr. MELCHER. Mr. President, as is necessary in amending a budget resolution, my amendment strikes figures in a number of places on the various pages of the concurrent resolution. I will tell you very briefly, after having had all those numbers read, that this amendment by Senator DECONCINI and myself cuts function 150 as follows, and this will be much simpler than trying to decipher what has been read from the amendment.

For fiscal year 1982, the budget authority for function 150 is cut $500 million, and the budget outlay $400 million.

For 1983, the budget authority is cut $4.5 billion, and the budget outlay or the spending is cut $2.1 billion.

For 1984, the budget authority is cut $5 billion, and the budget outlay or spending is cut $2.3 billion.

For 1985, the budget authority is cut $5 billion, and the budget outlay or spending is cut $2.2 billion.

Lastly, the amendment requires that in function 150, for the fiscal year involved, the United States shall continue to meet financial commitment made to Isreal and Egypt in conjunction with the Camp David accords.

Mr. President, we have had pious pronouncements flowing out of Congress, both bodies, that the budget resolution, if adopted, will lead to declining interest rates by holding down spending and allow an economic recovery program to start occurring sometime this fiscal year. But it is not at all clear or conclusive that, with adoption of this budget resolution before the Senate now, that will be the case. The budget projects an additional increase in Federal deficit for this fiscal year over and above what was projected when we started in the fiscal year. Even with the reductions that the Budget Committee has trimmed out of the President's budget, the CBO projects that we shall end up with a budget deficit in this current fiscal year of more than $117 billion.

I do not concur that there is any likelihood that adoption of this budget as it is presented to us for this fiscal year would give us any encouragement that we are headed toward economic recovery, that interest rates will come down, and that we can find people going back to work and the entire economic activity of the country picking up. We have taken a backward step in this particular area, function 150—foreign aid—by adding $400 million for fiscal year 1982 if we were to adopt the Senate Budget Committee's recommendation. That adds to the 1982 deficit, of course.

Mr. President, it is proposed that the $400 million will cover an additional program that the President envisions. We have still remaining unspent and unobligated as of today we are advised, somewhere around $850 million in the various agencies that handle operations that are covered in this function.

What is the $400 million proposed for? It is for the Caribbean, including $128 million for El Salvador.

Whether this additional foreign aid spending should be or will be approved by the Senate is a question not yet resolved. In any event, additional funds are not necessary because, as I have said, there are still remaining somewhere around $800 million in function 150 that is not obligated at present.

The first part of our amendment strikes that $400 million add-on for this fiscal year. It is apparent that with all the Federal cuts for domestic programs, there is a very stark contrast in the amount of money yet remaining unspent for foreign aid as compared to the amounts of money that remain in domestic programs of our Federal Government.

Our amendment for the next 3 fiscal years 1983, 1984, and 1985 would be cut slightly more than $2 billion from the budget, which adds up, including the $400 million for fiscal 1982, to a $7 billion cut in spending. The total, of course, is greater than that for budget authority; it is about $15 billion in budget authority.

Mr. President, under the Camp David accords, for the fiscal year 1982, this current year, there has been appropriated about $2.5 billion. That has been obligated. This amendment has nothing to do with that at all. Between $1.7 billion and $1.8 billion of that, split between Israel and Egypt, is for economic assistance. The balance between that and $2.5 billion is for military assistance for those two countries.

Mr. President, our obligations under the Camp David accords for fiscal year 1982 have been met. This amendment does not affect it.

For fiscal year 1983, if the U.S. obligation for the Camp David accords for Israel and Egypt is to be the same amount again—about $2.5 billion, and I point out to the Senate that that amount has been neither approved nor appropriated as of now—but if it were to be approved and appropriated as being our obligation to Egypt and Israel, we are also leaving plenty of money in function 150 to cover that $2.5 billion.

Mr. President, I want to make it clear again that the amendment requires that whatever is determined to be U.S. obligations for Israel and Egypt under the Camp David accords, they shall be met in all these fiscal years, 1983, 1984, and 1985. Leaving intact $10 billion for foreign aid for those fiscal years—1983, 1984, and 1985—would mean that there is about a 9-percent reduction in spending authority each of those years. The amendment leaves $10 billion, which is sufficient and ample not only to cover the obligations of the Camp David accords, but the needs of the World Bank, the International Development Agency, and the Export-Import Bank.

Mr. President, is there a need for curbing foreign aid? Let us look at the record. Foreign aid expenditures under function 150 have, since 1979, doubled. That is a 100-percent increase. During that same period, 1979 to now, energy spending has declined by 7 percent. Natural resources and environmental spending has increased by 6 percent. Commerce and housing spending has increased by 46 percent. Community and regional development has declined by 12 percent. Education, training, employment, and social services spending has declined by 5 percent. Health spending has increased by 57 percent. Veterans spending has increased 20 percent; total budget outlays increased 51 percent.

Mr. President, I give these figures for the period between 1979 and where we stand today to give some contrast to what has happened in foreign aid. In these domestic programs that I have listed, there have been some cuts between 1979 and today and some increases, but none of them approaches the 100-percent increase between 1979 and now in foreign aid functions. Even with our reductions in this amendment, foreign aid spending would increase 64 percent between 1979 and 1985.

Mr. President, we have had serious difficulties with how to hold down spending in so many different programs and yet meet our obligations for the entitlements.

Doing the best we can, the budget as a whole will have gone up 78 percent over those same years. That includes the rather dramatic increases we have had in national defense expenditures. It includes the dramatic increases in expenditures we have had for the elderly, both in social security and other retirement programs and in medicare and medicaid.

With our efforts to restrain spending and reduce the deficit, it is hardly clear to me how we could be sincere and diligent while allowing foreign aid to increase some 75 percent between 1979 and 1985, and that is what will happen if we allow this increase as the Senate Budget Committee has recommended.

If we make the modest cuts that our amendment provides for, we are still

going to have a 64-percent increase in the foreign aid programs between the years 1979 and 1985.

Our priorities have been all wrong, and it is time to make some adjustment. Our first concern ought to be what we are doing in our own country and the well-being of our own citizens.

Further, the record of foreign aid over the past several decades has often shown that we have been giving taxpayers' dollars from the United States as aid to foreign countries without making friends with them. In fact, sometimes we find ourselves in the precarious situation of foreign aid actually causing us enemies rather than gaining friendship.

By increasing foreign spending, which is adding to the deficit, pushing up interest rates, and causing unemployment, we are asking our citizens to pay these costs by giving up their jobs and giving up their own economic well being.

I should like to point out to the Senate that we have cut the nutrition program over the past several years. We have cut health programs. We have cut education programs. We have cut agricultural programs. We have cut retirement programs. We have cut medicare and medicaid. We have cut job training programs. We have cut housing programs. We can go on and on. We must ask ourselves at this time who comes first, the U.S. citizens, our own economic well-being, or a foreign aid program that is lavishly authorized, lavishly appropriated and often wasted.

Mr. DeCONCINI. Will the Senator yield?

Mr. MELCHER. Yes, I am happy to yield to the cosponsor of the amendment, Mr. DeCONCINI.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. DeCONCINI. Mr. President, I thank the Senator from Montana. I thank him for putting together what I consider a most reasonable amendment.

I should like to follow up on a couple points.

The Senator from Montana pointed out some examples of domestic cuts in the 1982-84 budget last year and what we are living with today.

As the Senator pointed out, we actually cut food stamps $6.2 billion in 1982-84, child nutrition $4.7 billion, medicaid $2.8 billion, housing assistance $1.2 billion, social security student benefits $4.2 billion, social security minimum benefits $2.9 billion, guaranteed student loans $2.3 billion, unemployment insurance $2.7 billion, trade adjustment assistance $2.6 billion, medicare $3.9 billion, Federal retirees cost-of-living increase $2.3 billion, highway safety $115 million, mass transit $1.8 billion, maternal and child health block grants $65 million, social service block grants $423.5 million, Indian education $36 million, title I elementary-secondary education compensatory education $213 million, and the Pell grants we cut a nifty little $102 million.

Some of those, Mr. President, I joined in reducing but not social security. I felt there was need that we scrutinize the budget, that we make every effort to reduce expenditures across the board, and yet foreign aid seems to escape or elude us.

It is difficult for me to accept the proposition of increased foreign aid in times like this. If we were operating a surplus, maybe we could justify another Marshall plan, we could justify an increase of some 64 percent, as the Senator from Montana points out.

Function 150 of this budget would provide $37 billion more for foreign assistance over the next 3 fiscal years. Of that total, $31.1 billion or 84 percent, under the committee assumptions, goes for one form or another of economic, financial, or military assistance to other nations. Surely this administration can do better and Congress and this Senate can do better. It seems imperative to me that we realize every economic possibility to do something about this deficit. We are faced with a catastrophic deficit, one that is out of control.

We notice that the administration's budget was unanimously defeated in the Budget Committee. I am not sure of all the reasons that occurred, but I suspect that the major reason is the administration's own estimates where the deficit would be somewhere in the neighborhood of $105 billion. CBO and others suggested that it might be as much as $180 billion. However, we are increasing foreign assistance by over $3 billion.

It just does not make a lot of sense when you think of military retirees, people who have put in ample years serving their country, with an understanding that they are going to have a satisfactory pension for that service, sacrifices they have made and would have made in times of war, when military retirees have to take it on the chin to the tune of a $3.8 billion reduction, railroad retirees, people who have worked all their lives and paid into the retirement system have to absorb a $1.5 billion reduction, after having their so-called windfall benefits slashed last year. Civil service people who have worked for the Federal Government, put in their long hours and days like anyone else, are asked to sacrifice $5.1 billion. Just in medicare alone, last year the Congress enacted reductions of $3.9 billion. The budget before us assumes additional cuts of $18.2 billion over the next 3 years.

Mr. President, it seems very clear that the amendment before us is a sound amendment. It has ample funds to meet our commitments under bilateral development assistance to maintain our commitments with the Camp David peace accord.

I am prepared to continue to support an effort that will bring or attempt to bring some type of nonmilitary resolution to the Middle East.

We now have two nations that have joined hands, that have been at war with each other for many years, and I think it is proper for the United States to play a role.

I am willing to face the taxpayers of my State and this Nation and say that this is an investment in peace, and this is a time for us to put forward our commitment to that peace.

The ESF rose from $1.9 billion under the Carter administration to $2.5 billion under this administration, an increase of more than $630 million. Our commitments under ESF, as I understand them, for both Israel and Egypt, are roughly $1.3 billion. This leaves ample funds for other commitments that might arise or with which we feel impelled to go along.

It is my hope, Mr. President, that we can avert reducing the benefits for veterans; that we can add a modest amount of restoration funds to education; that the child nutrition program and the immunization program, offered last night by the Senator from Arkansas, which was adopted by a voice vote, is a major step by this body to put its priorities into proper perspective.

I am well aware that additional cuts and reductions have to be made, and that is what this amendment is all about—making the necessary reductions where we can afford it. We can afford to adopt the amendment of the Senator from Montana, which calls for approximately $6 billion over the 3-year period. This is not going to tie our hands, in my opinion. It is not going to cause us disgrace. It is not going to cause us to renege on Camp David.

I hope this body will step forward for the American people and place some priorities on where we are spending those tax dollars and find that it is a reasonable reduction in foreign assistance.

The PRESIDING OFFICER. Who yields time?

If neither side yields time, the time will run equally against both sides, on the amendment.

Mr. SYMMS. Mr. President, I will soon yield to Senator PERCY, the chairman of the Foreign Relations Committee, but first I wish to make an inquiry of the Senator from Arizona.

How much in total does this reduce out of the foreign aid budget?

Mr. DeCONCINI. $15 billion in budget authority and close to $7 billion in budget outlays.

Mr. SYMMS. $15 billion in budget authority and $7 billion in budget outlays over the 3-year period?

Mr. DECONCINI. Over the 4-year period.

Mr. SYMMS. Mr. President, I compliment both Senators for bringing this amendment to the floor.

It is interesting to note that Senator HELMS recently released figures showing his computation of how much money the United States has given away since 1946, and it amounts to approximately $2 trillion, I believe, if we count what the interest costs were each year. So it has become a substantial amount of money.

I suppose there has been no other time when we have had fewer friends than we have right now around the world. All we have to do is look at what has happened with our friendship with Latin American countries in the last month; look to Europe, where there does not seem to be an appreciation for American defense of Europe. We have had problems in other parts of the world.

If I had any criticism of the amendment, I would say that it is too modest, that the Senator should have cut out more.

In my State of Idaho, we have a housing slump. We are a timber-producing State, a State that has had a good housing industry, a new State, where there was a lot of growth. Now the housing industry is flat on its back, and sawmills are closing. I know that the Senator from Montana has the same problem in his State, and I am sure the same problem exists in northern Arizona.

I note that the Appropriations Committee recently approved funding for the Lugar bill, for housing. If the Lugar bill is a good bill to help stimulated housing in the country, it seems to me that it would make more sense to take more money out of foreign aid and use it for aiding American families who need to be able to buy a house, and put people back to work building houses, rather than giving away more money overseas.

Mr. DECONCINI. I prefer the bill that the Appropriations Committee reported, the urgent supplemental, including the Lugar housing bill. It is approximately $1 billion.

We have to make priorities, and that is what this amendment is all about—deciding where we are going to come down on priorities. I think housing and jobs in this country have to take priority.

In all of Arizona, not only the northern part of the State, the lumber industry is suffering. Over a thousand copper workers have been laid off. It is the first time the copper mines in Arizona have closed down because of an insufficient demand for copper. They have had problems before, but it has not been because the economy has been flat. If this housing bill should pass, we would see an upturn in the demand for copper, in the construction business.

Mr. SYMMS. I thank the Senator very much.

It is interesting that if we go back and trace the history of copper production, we find that right now copper is being sold at an all-time low, in terms of the cost of production in this country. Yet, we occasionally find some foreign countries which produce copper but have closed economies and have not responded to supply and demand, because it is the only means of their being able to produce foreign exchange. The Government controls copper production, and they produce political copper, as I call it, by directing the efforts of a closed economy, where people are told where and when to work. They will produce copper to get foreign exchange, at the expense of States such as Arizona and Idaho.

Mr. DECONCINI. The Senator is absolutely correct. Today, 50 percent of the copper that is mined in the world is mined and controlled by governments.

Mr. SYMMS. That is correct.

Mr. DECONCINI. Twenty years ago, it was less than 20 percent. So we see that the free enterprise system, at least in this country, is up against competition that does not care what the cost is. They are going to produce it in order to keep their people employed. We still work on the basis that there has to be a market.

Mr. SYMMS. With respect to the Arizona copper project that is on the Indian reservation—the name of it slips my mind—where the Heckler Mining Co., of my State, was involved, that decision was made based on the fact that copper would not be produced below the cost of production and that there would be a market response of supply and demand—not anticipating that governments would produce it at a loss, in order to gain foreign exchange. It caused a great deal of hardship and grief for many people both in my State and in the Senator's State, over the production of, I think, the Lake Shore property in Arizona.

Mr. DECONCINI. The Lake Shore property, the Senator from Idaho is correct.

Mr. SYMMS. I know that is reasonable. If we trace it back we find in some cases U.S. foreign aid is going to those countries that are producing in direct competition with the U.S. producers.

So I compliment the Senator from Arizona.

Mr. DECONCINI. The Senator from Idaho is absolutely correct, and I thank him for his support, and maybe it is a too modest amendment.

Mr. SYMMS. Mr. President, I am sure the Senator from Illinois wishes to speak to this issue.

Mr. MELCHER. Mr. President, will the Senator yield briefly?

Mr. SYMMS. I yield to the Senator from Montana before I yield to the Senator from Illinois.

Mr. MELCHER. Mr. President, I wish to make this suggestion for the Senate. I think it would be appropriate to have an up-or-down vote on this amendment. I do not want to take any more time than the Members of the Senate want to take on the amendment. But I think it is of a nature of an amendment that should have an up-or-down vote. I think it would save us a lot of time in the long run if that would occur that way.

Mr. SYMMS. I thank the Senator for the suggestion. I certainly agree with it.

However, I cannot speak for the leadership on what their wish would be.

Mr. PERCY. Mr. President, I reserve my right to table it and so do other members of the Foreign Relations Committee who are in the markup this morning on the fiscal year 1983 authorization. We have canceled that meeting. There is no use trying to mark up the bill when it is being decimated over here. We will be fiddling while Rome burns, in a sense. I wish to make the case on a bipartisan basis.

Senator PELL, I am sure, will want to speak to this.

But I will need probably 10 minutes at this particular time. I do not know what time Senator PELL would wish to ask for.

Mr. SYMMS. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. The Senator from Idaho has 52 minutes and 10 seconds; the Senator from Montana has 37 minutes.

Mr. SYMMS. Mr. President, I yield to the distinguished chairman of the Foreign Relations Committee for probably a somewhat different viewpoint than has been stated here in the Chamber thus far this morning.

How much time does he wish?

Mr. PERCY. Ten or fifteen minutes.

Mr. SYMMS. I yield 10 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 15 minutes.

Mr. PERCY. I thank my distinguished colleague.

Mr. President, I simply feel that there is no better way to start this dialog than to read a letter from the President dated May 19, 1982. He addresses this letter as the Committee on Foreign Relations begins its markup on the fiscal year 1983 economic and military assistance bill. He says:

> As the Foreign Relations Committee approaches markup on the fiscal year 1983 Foreign Assistance Act, I wish to underscore my personal commitment to full funding of my request. Moreover, I ask you to inform all members of the Committee that these increases are fully consistent with the Admin-

istration's support of the Domenici budget mark, and can be accommodated within the First Budget Resolution I am endorsing.

We have taken steps to ensure that this bill contains adequate funding to deal with the pressing problems of economic and social development in the Third World. However, I have to emphasize that without the additional security assistance resources we are requesting, critical foreign policy objectives in support of specific national security goals would have to be abandoned or severely retrenched. For example:

Israel and Egypt would be deprived of the additional resources necessary to reinforce the post-Sadat peace process at a time when radical elements are working to unravel the tenuous cease-fire in Lebanon and to undermine the Mubarak regime;

Moderate states threatened directly by the Soviets (e.g. Pakistan) or by their Libyan/Ethiopian surrogates (Tunisia, Morocco, Sudan, Somalia) would be deprived of tangible American support when they need it, putting at doubt our ability to call on them when our own interests in the Middle East or the Persian Gulf are threatened;

Portugal, Spain and Turkey would be prevented from rebuliding their outmoded defense capabilities; NATO's southern flank would be vulnerable and we would jeopardize their cooperation in meeting threats beyond the Alliance's boundaries;

The momentum of the acclaimed Caribbean Basin Initiative would falter and the overwhelming plebiscite of the Salvadoran people for democracy would be left to wither.

In addressing our economic problems at home, it would be irresponsible and dangerous to pay the costs of abandoning vital foreign policy interests. The House Foreign Affairs Committee last week approved most of the Administration's request, and I now urge that the Foreign Relations Committee once again demonstrate the bipartisan leadership for which it is justly heralded by approving full funding of our request.

We vitally need the support and leadership of the Foreign Relations Committee to safeguard our national interests in these perilous times.

Mr. President, I modify that letter by saying that the President in effect is saying he needs the full support of the full Senate because uniquely this body has the responsibility with the President for formulating our foreign policy.

What are we really saying to the world? As King Hassan arrives today from Morocco to discuss with the President, the Secretary of State, and the Secretary of Defense the common defense in that part of the world, what are we saying to that chief of state? What are we saying to other chiefs of state with whom we have tried to build a closer working relationship?

Are we saying: No; the United States today is going to turn its back on the rest of the world? Are we going to just go it alone? Are we going to raise our own defense budget so much that we will just stand and fight for the principles of the free world alone? Arc we not going to pay any attention to the countries that are willing to use their manpower to fight to protect their areas of interest—which are our areas of interest as well—to maintain a stable, peaceful world? Do we intend to turn our back on them? Do we care about their economic development and their political stability, both of which can be assisted by this country's aid? Do we care about them arming and defending themselves so they can fight in the common interest against common adversaries? Are we saying that?

Are we willing at this stage to try to go it alone? Are we willing to simply say we can take on all of our adversaries that we face, the Soviet Union, the Warsaw Pack countries, insurrection in Central America, and Cuban infiltration through the Western Hemisphere? Are we saying that they do not need assistance and help and that we cannot offer a helping hand to others who are willing to help themselves?

I just think we are not ready to do that. We are not going to take an isolationist policy, a fortress America policy. That has not been the policy of a single recent President. It has not been the policy of a single Congress, and this Congress should not adopt that policy.

We have had a sensible, balanced policy that has moved us in cooperation with our friends and allies and friendly powers around the world to make the world safer and to give us peace and stability, and we do it not only for peace and stability for its own sake—though that is a good enough objective alone. We do it also because increasingly the United States cannot make it on its own.

How long could we last as an economic power and as a military power if we depended on raw materials just from our own resources? In a few years 80 percent of the raw materials consumed by American factories will come to us from lands abroad. That requires safe sealanes. That requires a stable world. That requires that we have access to those raw materials. Otherwise, our factories grind to a halt.

Why did we just authorize $11 billion for rapid deployment forces? We did so to protect the lifeline of the United States of America and its friends and allies in Europe and Japan because it is through the Persian Gulf, and through the Straits of Hormuz that the oil lifeline of the free world flows.

President Carter recognized when he called for a rapid deployment force—he drew a line out there—that we had no current capability to protect that area. Dynamite in the Straits of Hormuz would end the supply of oil to keep our factories going. We would have darkened homes and cold homes; we would have closed schools and factories, as we have had when we have been embargoed before. The same thing could happen again.

When we look at what has happened in Afghanistan, we see an invasion by foreign forces into a Third World country.

When we see that the capability exists through Baluchistan, a section of Pakistan and Iran, generally in turmoil, the Soviet Union could be within 300 miles and is now within 300 miles of the deep water, warm water port they have long wanted, can we sit here and say, "No, we are not going to provide the kind of protection, the kind of assistance and support and help the countries in that area need." Mr. President, these nations are willing to put their own shoulders to the wheel and work with us, providing they have encouragement, assistance, and help.

At this time I would like to yield to my distinguished colleague from Rhode Island (Mr. PELL) who, I understand, must leave the floor in just a few minutes, so that he may comment on the same situation.

Mr. PELL. Mr. President, I rise to support the theme, the words of the Senator from Illinois. I have the utmost respect for the sincerity and the objectives of the Senator from Montana. I recognize that in this bill there are areas where there can certainly be cuts, just as there are also areas where we need to spend more.

I think we should bear in mind that we now rank 17th in the world when it comes to the percentage of our gross national product that we turn over or put into international or public development.

This amendment, if we passed it, would put us at the very bottom. There would be no other industrial nation that gave less than we.

I recognize that we have hard times. In my State we have particularly hard times now, great unemployment, children's luncheons and food being cut back, medical benefits being cut back, very harsh conditions indeed. Obviously, we need to meet the needs of our own people. But there are areas of the budget that could be cut as well as aid, and I would like to see these cuts move a little bit into defense, a little bit into what I would call hardware programs, and less into human being programs.

Basically, the aid program is a human being program because it is designed to help people who are facing starvation, misery, and illness.

So I would hope this amendment would not prevail. I know that I intend to support the Senator from Illinois in opposing it. I understand the reasons behind it. I think it is too extreme, too draconian. At first glance, you could say it only means a reduction of about one-sixth of the total amount in this function. But then you recognize that the function includes a whole variety of subjects, the State Department, BIB, a whole variety of subjects, and the whole cut would come out of the

aid program, which would be truly devastated.

My hope is that we can vote on it shortly, and vote it down.

I would observe also to the managers of the amendment and to the opposition that there is no need, just because there is a time agreement, to use up the time when the arguments have been made. As I look around the Senate floor I do not see anybody whose mind is going to be changed by further argument, so I hope we can vote fairly shortly.

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

Mr. PELL. With pleasure.

Mr. MELCHER. I thank my friend from Rhode Island for yielding.

When he makes a comparison of how much the gross national product of a country goes into aid, would the Senator agree with me that if we carry that over to what the Senator from Illinois, the chairman of the Committee on Foreign Relations, was just stating, and apply it to defense, that indeed we are asking our European allies in NATO to come up with 3 percent of their gross national product for defense efforts while, at the same time, between 6 and 7 percent of the gross national product of the United States goes into defense?

Our commitment toward NATO, perhaps, is a little bit higher than it should be. In turn, with Japan less than 1 percent of their gross national product goes into defense, whereas 6 to 7 percent of the gross national product of the United States goes into national defense, and part of that defends Japan and the islands in the Pacific area in that vicinity.

So we are really mixing apples and oranges if we do as the Senator from Illinois has done, compare foreign aid with the military posture that we have where we are already spending a huge amount of our gross national product for national defense which does benefit our allied countries and does relieve, in effect permits, Japan or European countries to give more for aid than they would otherwise give if they were meeting more of their own national defense needs by paying a higher percentage of their gross national product.

Mr. PELL. The Senator is absolutely correct. But I think he is the one who is mixing apples and oranges because we are talking about defense and we are talking about aid, and they are two separate subjects.

I mentioned in my earlier remarks that I would like to see more money taken out of defense. That is where it should be taken out of. I think the fact that Japan spends only half or a quarter of 1 percent for defense is something that those of us—I know the Senator had a very distinguished war record—should be delighted with. I can remember the efforts we made to make sure that Germany and Japan would not get weapons again, and we were all very enthusiastic as veterans of World War II. I think the Senator has a Purple Heart from that war.

We cannot regret that some of the industrialized nations do not have weapons. That is their choice. I do not think we should force them into their unwilling hands. What we are talking about now is the aid program and people starving and should we get down lower than we have done.

Mr. MELCHER. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. PELL. I suggest the absence of a quorum.

Mr. MELCHER. Mr. President, I just want to make three points and then we are ready to yield back our time.

Simply put, the cut of $400 million for 1982 should be made because there is no settlement as to whether that is going to be appropriated or not in the $800 million available.

I believe it is a totally unwarranted belief that we can afford spending more than $10 billion in each of the next 3 fiscal years for foreign aid. That is adequate funding, not turning our backs on anybody, and still offering a helping hand to all the great variety of countries we need to help, and each country can do with a little bit less of either economic or military aid so that we can help our own economy and finance our own national defense.

Ten billion dollars is not isolationism. Ten billion dollars is a 64-percent increase over the amount spend for foreign aid in 1979. Surely that is a big enough increase.

We are not being chintzy, perhaps we are even being a little bit on the extravagant side. But I think this is the minimum we can go for in any sensible way or commonsense way, $10 billion each year for the next 3 fiscal years.

Mr. President, I am willing to yield back the remainder of the time remaining on our side if the other side is.

(The names of Mr. RANDOLPH and Mr. HARRY F. BYRD, JR. were added as cosponsors of UP amendment No. 970.)

The PRESIDING OFFICER (Mr. SCHMITT). Who yields time?

Under the previous order, the hour of 11 o'clock having arrived, the Senate will now vote in relation to amendment No. 1488 offered by the Senator from Vermont (Mr. LEAHY).

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, is time yielded back or not?

The PRESIDING OFFICER. As of this time, it is not.

Mr. SYMMS. Mr. President, may I just say to my friend from Montana that it is my understanding that Senators KASTEN and KASSEBAUM have requested some time to speak in opposition to the Senator's amendment, so I do not think at this time I should yield back the time. But I do think it would be advisable to go ahead and have the vote on the Leahy amendment.

Mr. MELCHER. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. The Senator from Montana should be advised that to order the yeas and nays at this time on his amendment would preclude further debate on that amendment after the vote that is going to take place at this time.

Mr. MELCHER. Mr. President, I was unaware of that.

The PRESIDING OFFICER. For the information of the Senator from Montana, the reason is that there is an order in place to stack votes ordered at 11 o'clock.

Mr. MELCHER. I certainly do not want to interfere with any Senator's desire to speak on the amendment, so I withdraw the request.

AMENDMENT NO. 1488

The PRESIDING OFFICER. The hour of 11 o'clock having arrived, the question is on agreeing to amendment No. 1488 offered by the Senator from Vermont (Mr. LEAHY). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. Will Senators who are conversing please cease their conversations? May we have order in the Chamber?

The legislative clerk resumed the call of the roll.

Mr. HART. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senator from Colorado is correct. The Chair is attempting to get the Senate to come to order. Those Senators conversing will please cease or retire to the cloakroom.

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

The PRESIDING OFFICER. Apparently not, as the Senator from New York is well aware.

The Senate will come to order.

Mr. STEVENS. I announce that the Senator from Connecticut (Mr. WEICKER) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. MATSUNAGA) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 38, nays 60, as follows:

[Rollcall Vote No. 127 Leg.]

YEAS—38

Baucus	Byrd, Robert C.	Dodd
Biden	Chiles	Durenberger
Bradley	Cohen	Eagleton
Bumpers	Cranston	Exon
Burdick	D'Amato	Ford

Glenn	Leahy	Pryor
Hart	Levin	Randolph
Hawkins	Mathias	Riegle
Hollings	Melcher	Sarbanes
Huddleston	Metzenbaum	Sasser
Inouye	Mitchell	Stennis
Jackson	Moynihan	Tsongas
Kennedy	Pell	

NAYS—60

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

NOT VOTING—2

Matsunaga	Weicker

So Mr. LEAHY's amendment (No. 1488) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

UP AMENDMENT 970

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Montana.

Who yields time?

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 1 minute on the bill.

The PRESIDING OFFICER. Will the Senator from New Mexico withhold? The Chair will say if there is not more order during the rollcalls, the Chair will not acknowledge any votes except those delivered from the desks of Senators. The Chair understands the need for conversations during the vote, but nothing to the extent that we have been exposed to.

The Senate will come to order. Conversations should retire to the cloakroom, hopefully with the Senators.

Mr. DOMENICI. Mr. President, may I ask the distinguished chairman (Mr. PERCY) how many more speakers we have in opposition to the Melcher amendment that he is aware of?

Mr. PERCY. Mr. President, I shall make a few additional comments. I know of no other speakers on this subject.

Mr. DOMENICI. I understood Senator KASTEN wished to speak. Is that correct?

Mr. PERCY. Senator MATHIAS would like to speak.

The PRESIDING OFFICER. Will the Senator from Illinois withhold? There is still entirely too much noise in this Chamber. Some of it may be coming from the galleries, but I have a feeling most of it is coming from the Chamber. Staff will please keep their conversations to an absolute minimum. Senators will retire to their cloakrooms if it is necessary to have long conversations.

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I am going to speak briefly. I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. DOMENICI. Mr. President, I want to tell the Senate that the distinguished majority leader has decided that he will move to lay this amendment on the table. At a time when it is appropriate, he will do so. We wanted to inform people ahead of time of that. We are not doing it on every amendment.

Let me say from my standpoint, I have encouraged him to do it because it does not appear to the Senator from New Mexico that this is an amendment that would just reduce the international affairs function of our National Government. As I view it, in light of the existing international commitments made by this administration and previous administrations, a cut of this dimension would literally demolish our foreign assistance program. The amendment would not just cut it; it borders on totally destroying it.

There are those who like to say that the amendment does not affect Egypt and Israel. I frankly do not believe we can absorb a $15 billion cut and claim that Egypt and Israel will not be affected.

I just do not see how we can have this kind of cut and say the Camp David accords and the commitments flowing from them will be lived up to. We would be taking so much out of the international affairs function that it might be impossible to live up to the Camp David commitments.

Mr. President, the Senate should know that an amendment to a budget resolution exempting Egypt and Israel really does not matter. What matters is the total amount of money in budget authority and outlays allocated to the Appropriations Subcommittee on Foreign Operations. We have had similar arguments on almost every amendment. This budget resolution has no such line item authority. It would be up to the appropriators how they saw fit to spend the money that is provided here, except for entitlements that would just flow from permanent laws. I truly hope that the Senate develops a more responsible, fiscally prudent approach to foreign assistance. I am not one who is enamored of the programs, but I think this amendment is radical surgery to impose upon these programs. I hope the majority leader will move to table.

Mr. MELCHER. Will the Senator yield?

Mr. DOMENICI. I have one last comment. The Budget Committee has already assumed cuts of $1.3 billion in budget authority, about 10 percent, from the President's fiscal year 1983 request for foreign aid and State Department operations. It seems to me that, in light of the international commitments already made, the Budget Committee acted responsibly in cutting the President's request by $1.3 billion. I do not support further cuts at this time.

I am pleased to yield.

Mr. MELCHER. I thank the chairman of the Budget Committee for yielding.

I want to inquire as to what amount the chairman would figure or feel is needed to see that the Camp David accords were protected?

Mr. DOMENICI. Could we have order, Mr. President?

Mr. MELCHER. What amount over $10 billion?

Mr. DOMENICI. Let me say to my good friend that obviously the resources needed for the Camp David accords have a very high priority in Congress and in the executive branch. That has been the case from the inception. So that one might conclude that it would be given preference over Eximbank, preference over all other international programs, but I frankly, as the chairman of the Budget Committee, just cannot tell the Senator what the appropriators will do.

I assume one could figure out how much was needed for the Camp David accords and say, "I put that in the budget and I assume it is so important the Senate will do nothing else." One might conclude that such intent would be enough, but that is not the way we conduct business in my Senate experience.

Mr. MELCHER. I thank the Senator for yielding. The Camp David accords has been taking $2.5 billion a year. I do not know how many years in the future it will be required that we keep paying that to Egypt and Israel, but at least $10 billion ought to be sufficient to cover that and the rest of the obligations.

The PRESIDING OFFICER. The time allotted the Senator from New Mexico has expired. Who yields time?

Mr. KASTEN addressed the Chair.

Mr. DOMENICI. Mr. President, Senator PERCY has control of the time on the amendment.

Mr. PERCY. Yes. I would be happy to yield 3 minutes to the distinguished Senator from Wisconsin.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, as chairman of the Appropriations Subcommittee, I should like to address

myself to some of the questions that Senator MELCHER has raised.

It has long been a popular political tactic to take on foreign aid, especially in an election year. But let us not kid ourselves, this proposal by the Senator from Montana would simply wreak havoc with U.S. foreign policy, particularly the security assistance parts of foreign policy, because we have shifted from development assistance over into more and more security assistance. It is important to understand that shift.

I think it is important, also, that we not kid ourselves—the Senator from New Mexico is correct—it is simply impossible to exempt Egypt and Israel with these kinds of numbers. This is a budget resolution. The language here has no force in law whatsoever.

Egypt and Israel are simply the only places where substantial outlays occur, and there is no way, if this amendment were to pass, that Egypt and Israil would escape a cut. In my brief analysis, it would be a substantial cut.

Furthermore—and the Senator from Montana should be aware of this, as his State is a great grain-growing region—one of the other places that could get a cut that would make an immediate difference would be in the Public Law 480 program. Although I know that is not a program that we want to cut, it is one of the programs that we could get the immediate savings in, and it is one of the places where a cut could be made.

The Public Law 480 program could come in for a severe cut, adversely affecting many grain growing areas of the country. I do not want to do that. I come from a grain-growing State. I do not think we want to cut those programs.

The facts are undeniable, and let us look at fiscal 1983 as an example. New outlays for function 150 total $7,570,000,000. Of that amount, $3,110,000,000 is for Israel, Egypt, and Public Law 480.

In addition, $1.6 billion is for salaries and expenses for State, ICA, and AID, and $420 million is required by treaty obligations in contributions to the United Nations. Like it or not, the treaty obligations require us to pay that amount. We are locked into those amounts.

I am encouraging AID and State and others to cut, but we also then go throught the cost of RIF's. Large RIF's would be required by this cut.

Once more, I think we ought not to kid ourselves. If this passes, Egypt, Israel, and Public Law 480 would have to be cut. Those are the only areas where we can make the savings.

There is one more area that we could possible make the savings, and that is in the Export-Import Bank. I know that the Senate has in general supported that effort. The Export-Import Bank, at a time when we have high unemployment in this country, is one more area that I do not think we are going to want to cut, but that is one place where we could get the large dollar amount that the Senator is talking about, if we wanted to go at the Eximbank and go at it in a very, very brutal way.

In the foreign aid appropriations bill we provided 1-year money, which means that all of the outlays from prior years have been obligated, and those obligations have been made in agreements with other countries. Passage of the Melcher amendment would require this administration to go back and break these agreements which we have already made, including many that were made by the prior administration. I do not think the Senate wants to do that, and I am sure that the foreign relations of the United States would be adversely affected if, in fact, we did.

The PRESIDING OFFICER. The 3 minutes yielded to the Senator have expired, and while he is arranging further time, I still must ask the Senate and staff to be quiet.

Mr. KASTEN. Mr. President, may I have 1 additional minute?

The PRESIDING OFFICER. Does the Senator yield 1 additional minute?

Mr. PERCY. One additional minute.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Briefly, a list of some of the countries that would suffer if this amendment were passed follows:

Israel—we have already talked about the special relationship which Israel has with the United States;

Egypt—the most important of all the Arab countries as we are trying to continue the Camp David peace process. Egypt is leading the world for peace. I think it is very important that we not cut them;

Sudan—a supporter of Camp David, desperately in need of assistance. It probably would be wiped out if this amendment were passed;

Turkey—important to our NATO alliance. The Secretary has just been in Turkey;

Portugal—there are U.S. bases which we need there, the use of which is linked to foreign assistance and particularly security assistance;

Spain—same reasons as Portugal, and in addition we are trying to encourage them to come into NATO;

The Philippines—again we have two large military facilities there;

Greece—we are encouraging them to continue to help us with the base agreements.

Those countries would be directly affected, and I believe our security assistance, economic assistance, and foreign policy would suffer a serious setback.

I am willing to go through this function item by item with the authors of the amendment so the Senate will understand what is to be cut. I am convinced that if the details are examined, there is no question but that the Senate will reject this amendment by a substantial margin.

The PRESIDING OFFICER. Who yields time?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. I thank the Chair, but I do not seek recognition.

Mr. HOLLINGS. Mr. President, I yield 3 minutes to our distinguished colleague from West Virginia.

The PRESIDING OFFICER. The distinguished Senator from West Virginia is yielded 3 minutes.

Mr. RANDOLPH. Mr. President, not on the subject matter of the pending amendment or the legislation, important as it is, I rise again to express personal appreciation, and I hope the appreciation of Senators, for the earnest effort by the Presiding Officer, the able Senator from New Mexico Mr. (SCHMITT). He has repeatedly called attention to the fact that the Senate has not been in order while the rollcall was in effect or Senators were addressing remarks to the issue we have before us.

This is not a pleasantry with me. I desire to have the RECORD reflect credit when there is in the chair a man, a manly man, as is the Senator from New Mexico. At least six times—I have checked it—within the last 15 minutes the Presiding Officer has asked for order in this Chamber. We say to him, "Keep it up." At some time in the future, hopefully, when there is a vote again on my request that Senators either sit or stand at their desk when voting, that the result will not be as it was, 51 against and 46 for.

Regardless of where Members sit in this body or their membership in party, let us bring back to this Chamber—not dignity; that is not implied—but the decisionmaking process with decorum and discipline—that will reflect credit on all who serve here and the institution of the Senate itself.

The PRESIDING OFFICER. The Chair appreciates the remarks of the distinguished Senator from West Virginia (Mr. RANDOLPH).

Mr. PERCY. Mr. President, I also should like to pay tribute to my colleague from West Virginia, who has been vigilant in attempting to preserve the decorum of the Senate.

We have a great tendency to be disrespectful of one another in carrying on our business. I noticed five conversations being carried on simultaneously on the floor while the distinguished Senator was speaking, and two of them are going on right now. There should be someplace we can carry on all these conversations other than the floor of the Senate.

I agree with the distinguished Senator from West Virginia. We would get along with our business a great deal better if there were not so much confusion down here.

Mr. President, I yield at this time to the distinguished Senator from Maryland to speak for whatever time he desires, and I ask that due diligence and great attention be paid.

Mr. MATHIAS. Three minutes.

Mr. PERCY. I yield 3 minutes on the pending amendment, which is an important amendment, which would absolutely decimate the President's security and economic assistance for the world if it were adopted.

Mr. MATHIAS. I thank the Senator from Illinois.

Let me take one moment to endorse the views of my neighbor and friend from West Virginia, who has occupied the south bank of the Potomac for so many years with such distinction.

Mr. President, the pending amendment is a typical example of being penny-wise and pound-foolish.

If we are looking at defense expenditures, if we want to have what the late Senator Robert Taft of Ohio called a searching scrutiny of defense costs, then we should look with very great care at this amendment, because it will cost far more in defense expenditures than it saves in outlays in the current budget.

Granting that the security assistance to Israel and Egypt was excluded from the impacted budget, I think it is not too much to say that the adoption of this amendment would destroy the security assistance program. Look at where it would be destroyed: in the southern flank of Europe, critical areas, Turkey and Greece; in the Persian Gulf, which is an area of obvious vital security concern for the United States and our allies in Europe.

It would destroy the security assistance programs in the Middle East. It would have a devastating impact in Central America and in the Horn of Africa, which is a sort of fulcrum on which many strategic questions turn.

Mr. President, I cannot think of anything more devastating to our strategic program for helping to maintain stability and peace in the world than to undermine the security assistance program to this degree.

I hope that as the Senate contemplates what really would be done by this amendment, it is fully cognizant of the fact that this, in the long run, will cost the taxpayers of this country a great deal more money than the outlays contemplated in the budget request for security assistance. I think it is a destructive amendment, not only destructive of the programs but also countereffective in terms of protecting the economy of the United States.

So I urge the Senate to defeat the amendment.

Mr. PERCY. Mr. President, I urge my colleagues to support the tabling motion to be made by the distinguished majority leader. That tabling motion is supported by the Foreign Relations Committee, by the chairman of the Budget Committee, and I believe by most members of the Budget Committee. It certainly is supported strongly by the administration. There is no other amendment we could probably consider that would do greater damage to U.S. interests around the world than this amendment.

The distinghished Senator from Montana asked a very pertinent question: What would this amendment do to the Camp Davis Accords and the agreements reached with Israel and Egypt?

Of course, a great deal of attention has been placed upon the Camp David Accords, and a great deal of public information has been provided to educate the public as to the necessity of backing up and supporting Israel and Egypt because of the dramatic steps they have taken.

This amendment specifically protects those two countries. But is that to say that those are the only trouble spots in the world? What of our rapid deployment forces, which we have been building up to protect the oil supplies of the free world? Are we to decimate that program?

Just a few months ago, Prime Minister Seaga of Jamaica came to this country officially as the first guest of President Reagan because of the progress being made in that area. Prime Minister Seaga could not possibly explain to his colleagues in the Caribbean why, a few months after the President of the United States has taken an initiative to create peace and stability in the Caribbean and to give them hope for forming democratic forms of government, in an orderly process of peace in that area, we would suddenly pull the rug out from under them, because this would not provide the money for the Caribbean Basin inititative.

It was greeted with enthusiasm on the floor of the Senate. It has been greeted with enthusiasm by the business community of the United States of America. The largest association of commerce and industry in America, in Chicago, pledged the support of 12,000 members for the Caribbean Basin initiative. It is largely based upon encouraging investments, encouraging a free trade area, and some aid.

That $350 million is essential because Venezuela is matching it with $600 million of oil. Canada and Mexico have joined.

Are we to enter into partnerships with three great countries in our hemisphere to help other countries in this hemisphere create peace and stability, and then, 3 or 4 months later, move away precipitately and pull the rug from under the President and the foreign policy of our country? I say no.

Do we have assured peace and stability in the Far East? Are there other countries in the world we should consider, that we assist them to provide for their security and protection, backed up and reinforced by us? Or, as I said earlier today, are we willing to just say no, we are going to go it alone? We will just increase our own defense budget of $126 billion, and we will fight all the battles. How will we keep the world free? How will we keep the sea lanes open? How will we keep peace and stability? How can we accomplish these basic goals if through mutual programs, economic and military, to other countries which are willing to offer their manpower, their assistance, and their help, provided they get a reasonable amount of help, which they can get, in many cases, only from the United States.

So I say this amendment deserves to be tabled. I wish it would be withdrawn actually because I really cannot see how the distinguished Senator from Montana could face his own constituents. I recognize the widespread unemployment in this country, but we also have a question of security. Of the raw material supplied to our factories, as I have mentioned earlier, 80 percent of those raw materials come from other countries abroad. They have to cross the seas to get here.

The large part of the markets that we are building abroad are only built in areas of security and peace, not areas of insecurity and warfare. It is to prevent that and provide a secure world that we offer the kind of assistance and help that the pending amendment would wipe out.

For that reason I solidly support the tabling motion by the majority leader.

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

Mr. PERCY. I am happy to yield.

Mr. DURENBERGER. Mr. President, I listened to the argument of the distinguished chairman of the Foreign Relations Committee. I have heard him cite problems of Central America. I have heard him cite problems in the Caribbean where we are going to fortify Jamaicans. I have heard him cite examples with regard to the Middle East where in an effort to reach an accord that we really have not accomplished yet we are proposing billions of dollars in arms sales. I have heard him cite a variety of so-called troubled spots around the world.

I am also familiar with the fact that in addition to a sustantial increase in the foreign aid budget during this administration we are also facing record increases in military defense.

My question of the Senator from Illinois is very simply this: With his insight into the foreign policy of this administation that he alluded to, can he

tell me do we ever reach a point at which we negotiate our foreign policy with policy rather than with money?

Mr. PERCY. I think we have reached that stage. Obviously, there is not a free lunch. There is always a cost, but I think the cost to the Caribbean initiatives, which would be wiped out by this amendment, is a very good example of an extremely small cost matched by three other countries who make relatively small our investment. Their investment is larger than ours, and the business community is backing this up by increasing trade, increasing investment, creating employment.

Just what is the cost to this country of the condition that we face in Haiti? These are not political refugees. They are economic refugees.

Rev. Jesse Jackson has interviewed all of these people who are interned in our prisons, kept there at the expense of the U.S. Government. How do we stop thousands of people from fleeing from the utter poverty that they face in their nation? Reverend Jackson would say this is the best way to keep Haitians in Haiti, to give them a chance to have their own economic well-being in their country and not end up in detention camps here at considerable taxpayers' expense and considerable personal trauma to them.

The expense of the Caribbean initiative is really modest when it comes to the investment the American enterprise system has said they will make. Twelve thousand members of Chicago's Association of Commerce and Industry in a book this thick has put out an analysis as to what this will mean to the ultimate well-being of the United States of America and its taxpayers for this small investment, and this is not just a big costly program. This is a modest program more than matched by money from Canada, Mexico, and Venezuela.

Mr. DURENBERGER. With due deference to the chairman of the committee, I am a cosponsor of the Caribbean Basin initiative, but this country for 20-some years, ever since John F. Kennedy started this process, has been trying to buy foreign policy in the Caribbean, in Central America, and in South America, and we are worse off today than we were before.

My only point to the Senator from Illinois is where is the policy on this? I would address the same question particularly with regard to military assistance. I will not bring up my involvement on the Intelligence Committee in that regard. But I am getting very tired of seeing armed sales used as foreign policy around this world, and I know this is not the place to debate the specifics of foreign aid.

But I just have to say it bothers me a great deal to give this particular administration that much more money when we cannot find the policy behind the expenditure.

Mr. PERCY. The policy is very clear, I think, in a country such as El Salvador. Here we have a country in the Western Hemisphere, close to the Panama Canal, vital to our own security interests, facing infiltration by forces that are certainly in opposition around the world to the interests of the United States of America. And where is the fertile soil in which they grow their seeds of discontent? This is a country which we know of 5 million people run by 11 families. Literally all of that land is owned by a handful of people. What is the opportunity for those people? The American policy that has been developed by the President and Congress is that there should be six goals toward which any government that we support works, and we are working toward those goals, including a free election, which they have held, a democratically based government, which they now have, an Assembly and a President responsive to the people, less repression, land reform, economic reform, progress in human rights.

That is a policy the architects of which have been the Congress of the United States and the President of the United States.

We are working toward peace and stability in Central America with that policy, and the investment in money is very minuscule compared to the investment of 5 million people now in land reform and economic reform that hopefully will bring peace and stability to that area vital to our own security.

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

Mr. PERCY. I am happy to yield.

Mr. BAKER. Mr. President, I obviously do not want to cut anyone off. I also want to try to move along on this.

I had announced earlier that at some appropriate time I would move to table this amendment.

I conferred with a number of Senators on both sides of the aisle, and there is a strong desire to have an up-or-down vote on this measure. It seems to me that after conferring with the chairman of the Foreign Relations Committee and the chairman of the Budget Committee, and others, we may expedite this matter by doing so.

Therefore, I will not move to table, and as soon as Senators can bring themselves to end debate, I am prepared to have a vote up or down on this amendment.

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

The PRESIDING OFFICER. Who yields time?

Mr. PERCY. Mr. President, how much time does the Senator desire?

Mr. HEINZ. Two minutes.

Mr. PERCY. I am happy to yield 2 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 2 minutes.

Mr. HEINZ. Mr. President, as I understand the effect of this amendment, it would reduce outlays principally in fiscal 1983 for a variety of international affairs of program areas. Those include the ones mentioned by the Senator from Illinois (Mr. PERCY), the chairman of the Foreign Relations Committee. He has pointed out what this would mean to our foreign economic, financial, and international security assistance programs.

I think he makes a number of very important and good points.

We have to have a foreign policy in this country, and it may very well be that this would severely jeopardize what we are trying to do with our country's foreign policy. In this country foreign policy has traditionally been bipartisan, and I must say I am sorry to see an effort here by someone on the other side of the aisle that in my judgment is not bipartisan at all.

The second thing I wish to say, Mr. President, is that I see no way that this amendment would not affect our trade policy. That is because included in function 150 is a very substantial amount of budget authority and outlays for the Eximbank.

Mr. President, we are being slaughtered by imports in this country from overseas. Thanks to the proliferation of nontariff barriers, our exporters are being slaughtered by being shut out.

A part of the trade problem that we face in some disarray, I am sorry to say, is the fact that the Europeans in particular, the French most specifically but not exclusively, are engaged in an export credit war worldwide that is costing us tens of thousands of jobs. They are subsidizing their exports through export financing facilities. And if we do anything, Mr. President, that weakens the Export-Import Bank, because I believe this amendment does, we send the worst possible signal to the Europeans who have been asked to consider an offer right now from our Government to improve the so-called international arrangement, to raise the floor on those interest rates that are now obviously artificially low, depressed and subsidized, and if we were to agree to this amendment in this body we would on the issue of trade be committing unilateral disarmament in the midst of a trade war.

Well, we do not advocate unilateral disarmament with the Soviet Union. Why should we advocate unilateral disarmament in trade vis-a-vis the French and the Europeans who subsidize it?

So, Mr. President, I ask my colleagues to resoundingly defeat this amendment and to vote instead for a strong international posture and a strong trade policy for this country, a trade policy that is second to none.

The PRESIDING OFFICER (Mr. DURENBERGER). Who yields time?

Mr. PERCY. I yield 5 minutes to the distinguished Senator from Ohio.

Mr. GLENN. I thank the distinguished floor manager, the Senator from Illinois.

Mr. President, let us go back just a little bit to last fall. Last fall we passed a foreign aid bill that was to encompass 2 years. The President signed it in December.

I think the President broke faith with us a little bit on this one because it was only here in January when he came in with a new bill for the fiscal year 1983 that obviously had to be put together at a time when we were marking up a bill that was supposed to last us for 2 years, fiscal 1982 and 1983.

Now that bill they have proposed is for an additional $1.6 billion. I think we should hold the line on what we have already approved. I hope we can. But that is not what is at issue here.

What is at issue here is that while the budget authority we have now is $9.2 billion, the Senator from Montana proposes a $2 billion reduction in our outlay figure, as I understand it, which is $7.3 billion, and cutting that off would mean we are making a 27-percent reduction in actual funding. I repeat that, a 27-percent reduction in actual funding.

That may be politically popular across the country. Nothing is more unpopular, in fact, than foreign aid. That is understandable at a time when we are being asked to approve cuts in benefits of $165 million for service-connected disabled veterans, $450 million reduction for low-income energy assistance, $2.2 billion in loans and grants for higher education, $247 million in child nutrition programs, $328 million in education, $37.8 million in programs providing meals for older Americans, $600 million in energy R. & D. and the list goes on and on in what we are being asked to cut.

So I am not for increasing foreign aid, let me make that very, very clear. But, at the same time, to say we will turn around, and no matter how politically popular, reduce actual dollars going into foreign aid by 27 percent at this point means that they probably will come out of such things as the Inter-American Development Bank, which are under negotiation right now, coming up every 4 years.

There are two windows there, one the capital window, as it is called, which is the long-term regular interest loans; the other is the Fund For Special Operations, FSO fund, which is the soft loan window, concessionary rates being given.

The administration already has called for a cutback in support for that and is arguing, in the negotiations going on now for the next 4-year replenishment, that we go the bilateral route, keep funds out of there. It is a natural place for them to cut, and yet at the same time those are the ones we have been able to negotiate with other countries and for every American dollar put into those funds we get about a $4 additional amount from other countries.

So to cut these funds now would mean we lose that leverage because that is the place the administration would probably cut. We would lose that kind of 4-to-1 leverage. It does not make sense to cut this by 27 percent right now when we are at a very critical time in those negotiations.

I repeat, I am not for expanding foreign aid, but I certainly am not in favor of cutting it back some 27 or 28 percent of the actual outlay figure with the $2 billion reduction the Senator from Montana would propose. I think this would be a mistake. I think it would send all the wrong signals to people we have worked with and to those who are depending on some of these Bank funds and on the programs we have had running in the past, and it means that some of these programs would be absolutely decimated, they would just be wiped out. Once again the U.S. Government would be seen as a nonreliable partner in any of these efforts because we cut out 27 percent of the funding available for this coming year.

I know the politically popular thing back home is probably to vote for this. But I would hope people would think of what the responsible vote is for our international relations, for the United States of America in the future, and defeat this amendment. I thank the Chair.

Mr. MELCHER. Mr. President, will the Senator yield to me to clarify a point?

Mr. GLENN. Certainly. I yielded the floor, but go ahead on your time.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. I yielded the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MELCHER. Will the Senator from Ohio yield to me for a question?

Mr. GLENN. Certainly.

Mr. MELCHER. When the Senator speaks of a cut of 27 percent in this function where the reduction is from roughly $12 billion down to $10 billion, is the Senator assuming that the reduction in the function is going to come out of one group of categories or do you——

Mr. GLENN. I respond to the distinguished Senator by saying it was my understanding from the earlier part of the debate to which I was listening that this comes out of our budget outlay figure, which is $7.3 billion, and a $2 billion cut on that would be about a 27-percent reduction.

Mr. PERCY addressed the Chair.

Mr. MELCHER. May I respond. Do I still have the floor, Mr. President?

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. May I respond to my friend from Ohio that we are working with the budget resolution, we are working with function 150. We are taking the reduction out of the entire function and with the direction that Israel and Egypt be accordingly protected. We are dealing with page 6, line 18 of the budget resolution with $12.1 billion and reducing that to $10 billion, which, I believe, is somewhat less than a 20-percent reduction.

Mr. President, I ask unanimous consent that Senator HARRY F. BYRD, JR. be added as a cosponsor.

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

Mr. MELCHER. Mr. President, just to repeat, we started in 1979 with an appropriation of $6.1 billion for this budget function; $10 billion in 1981; $11 billion in 1982; and now we are being asked to increase that for 1982 with an additional $400 million. So the amendment for this function, I repeat, cuts $400 million out of this fiscal year.

It does not in the coming years of fiscal 1983, 1984, and 1985 do damage to the Export-Import Bank, the World Bank or any of the rest of the programs. It just says there is a little belt tightening, that we are going to have $10 billion to cover this entire function, and I do not think that is too much belt tightening. I think all of us really want to have our own national defense and be able to finance it. We are going to have to have a decent economy in this country to do so, and I think this small amount of belt tightening is entirely in order and does not devastate or dramatically change our program.

I am ready to yield back the remainder of my time if the other side is.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, in just a moment I can sum up what the Melcher amendment would do. It would require a $400 million cut in 1982 outlays. It would eliminate the President's Caribbean Basin initiative. It would cut 1983 outlays by $2.1 billion below the Budget Committee level, and the Budget Committee level is already $1.3 billion below the President's request. It would force elimination of almost all security assistance to countries in the Caribbean, the Middle East, except to Israel and Egypt, and the rest of the world.

This would completely undercut the President's foreign policy and jeopardize our own national security. The Commander in Chief, the President of the United States, the Secretary of State, and the Secretary of Defense would certify to that fact.

Does any Senator want to have that on his record? I, therefore, urge defeat of the Melcher amendment.

The PRESIDING OFFICER. Who yields time?

Mr. MELCHER. I yield back our time, 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 Senator from Illinois.

Mr. PERCY. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Montana (Mr. MELCHER). The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 27, nays 73, as follows:

[Rollcall Vote No. 128 Leg.]

YEAS—27

Abdnor	Ford	Pressler
Baucus	Goldwater	Proxmire
Bentsen	Grassley	Randolph
Boren	Hatfield	Roth
Burdick	Heflin	Stennis
Byrd, Harry F., Jr.	Helms	Stevens
Cannon	Humphrey	Symms
DeConcini	Long	Zorinsky
Exon	Melcher	
	Nickles	

NAYS—73

Andrews	Glenn	Mitchell
Armstrong	Gorton	Moynihan
Baker	Hart	Murkowski
Biden	Hatch	Nunn
Boschwitz	Hawkins	Packwood
Bradley	Hayakawa	Pell
Brady	Heinz	Percy
Bumpers	Hollings	Pryor
Byrd, Robert C.	Huddleston	Quayle
Chafee	Inouye	Riegle
Chiles	Jackson	Rudman
Cochran	Jepsen	Sarbanes
Cohen	Johnston	Sasser
Cranston	Kassebaum	Schmitt
D'Amato	Kasten	Simpson
Danforth	Kennedy	Specter
Denton	Laxalt	Stafford
Dixon	Leahy	Thurmond
Dodd	Levin	Tower
Dole	Lugar	Tsongas
Domenici	Mathias	Wallop
Durenberger	Matsunaga	Warner
Eagleton	Mattingly	Weicker
East	McClure	
Garn	Metzenbaum	

So Mr. MELCHER's amendment (UP No. 970) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I understand that the distinguished Senator from Colorado (Mr. HART) will offer the next amendment. May I inquire of the Senator from Colorado and the chairman of the committee if we can get a time agreement of 40 minutes, to be equally divided?

I understand the Senator from Colorado is agreeable to that. Is the manager of the bill?

Mr. DOMENICI. Mr. President, the manager is agreeable.

Mr. BAKER. Mr. President, I believe that has been cleared through our regular process. I ask unanimous consent that on the next amendment, the Hart amendment, there be a time limitation of 40 minutes to be equally divided and controlled in the usual form; and that, following that debate, a vote will occur on the Hart amendment.

Mr. HARRY F. BYRD, JR. Reserving the right to object, that will not preclude the Senator from Virginia and the Senator from New Mexico having a colloquy at this point, will it?

Mr. BAKER. No, it will not, Mr. President.

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

Mr. HARRY F. BYRD, JR. Mr. President, will the distinguished chairman of the Committee on the Budget permit me to ask several questions for clarification?

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I shall be glad to yield time to the Senator from Virginia on the bill.

Mr. HARRY F. BYRD, JR. Mr. President, may I inquire of the Senator from New Mexico, as I understand the pending resolution, the national debt——

Mr. DOMENICI. Mr. President, I cannot hear the distinguished Senator. May we have order in the Senate?

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order so the Senator from Virginia may make his request.

Mr. HARRY F. BYRD, JR. I thank the Chair.

Mr. President, I inquire of the Senator from New Mexico, as I understand the budget resolution, the public debt at the end of fiscal year 1983 is projected to be $1.292 trillion. Is that figure correct?

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. As I understand also, as of today, the national debt is $1.065 trillion. I might say as of April 30, it was $1.065 trillion, which is, in essence, what it is today.

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. If my arithmetic is correct, then, under this budget resolution, the national debt will increase by $227 billion during the next 1 year and 5 months.

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. Another way of putting it is the national debt will increase by 21 percent during the period of the next 17 months.

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. Mr. President, if we go to fiscal year 1985 under the budget resolution, the national debt will be $1.533 trillion.

Mr. DOMENICI. That is correct also, Mr. President.

Mr. HARRY F. BYRD, JR. With the national debt today being $1.065 trillion, that means, does it not, that the national debt under the budget resolution now before the Senate will increase by $468 billion?

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. So another way of putting it is that during the next 3 years and 5 months, the Nation's public debt will increase by 44 percent.

Mr. DOMENICI. The Senator is correct again.

Mr. HARRY F. BYRD, JR. May I ask, in another field, the spending increase—outlays—for 1981 over 1980 was a 14-percent increase during that fiscal year, 1981 over 1980.

Mr. DOMENICI. Mr. President, I do not have that memorized, but we shall check it. I assume it is right out of the budget book.

Mr. HARRY F. BYRD, JR. I think that is correct. If it is not, the Senator can let me know.

Mr. President, the point I am getting to is——

Mr. DOMENICI. Mr. President, it is 13.9.

Mr. HARRY F. BYRD, JR. Which rounds off to 14 percent, 13.9.

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. We come to the current fiscal year, 1982. I am trying to establish the increase in spending in 1982 over 1981 on a percentage basis. My figuring is that the increase in 1982, taking into consideration the figures in the current budget resolution, will be 13 percent, a 13-percent increase in spending this year over last year.

Mr. DOMENICI. Mr. President, if we round it as we did before, the Senator is correct.

Mr. HARRY F. BYRD, JR. So, Mr. President, contrary to the television commentators and the public perception, not only has there not been a reduction in spending; indeed, there has been only a minute reduction in the rate of increase in spending—namely, from 14 percent to 13 percent. Would the Senator agree that that is correct?

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I should like to say to my good friend, the senior Senator from Virginia, what I would like to do and I shall put it in the RECORD.

I should like to take 1983, 1984, and 1985, and tell him that if we did not adopt this budget, I would like to tell the Senate how much larger the deficits would be than those which the Senator has so aptly projected here. As the Senator from Virginia knows, the Senator from New Mexico thinks that is a big deficit. His perception is correct; the budget is not coming down, with an increase of 1983 over 1982 or 1982 over 1981. But I think it is imperative that we all know what those deficits will be if we do nothing, if we leave everything alone. That would be a very revealing bit of information.

I am sure the Senator would be very interested in it and I shall put that in the RECORD at this point.

Mr. President, I ask unanimous consent to have printed in the RECORD the table to which I have referred.

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

BUDGET DEFICITS

	Actual	Baseline estimate	S. Con. Res. 92	Difference
Fiscal year:				
1980	−59.6			
1981	−57.9			
1982		−119.3	−117.7	1.6
1983		−182.0	−115.4	66.6
1984		−216.0	−91.3	124.7
1985		−232.5	−64.4	168.1

PERCENT CHANGE IN OUTLAYS FISCAL YEAR 1980–85

	Percent change over previous year		
	Actual	Baseline estimate	S. Con. Res. 92
Fiscal year:			
1980	17.5		
1981	14.0		
1982		12.9	12.7
1983		11.4	5.8
1984		11.0	6.2
1985		10.3	6.9

Mr. HARRY F. BYRD, JR. That will be fine. I think it has been ironic that the President is being condemned and Congress, to a degree, is being condemned for the public perception that there has been a reduction in spending when, of course, as all of us know, there has been no reduction in spending. I do believe that most Members of Congress have been under the impression that there has been a substantial reduction in the rate of increase in spending. However, that is not the situation, as has just been established by the able chairman of the Committee on the Budget.

Despite the tremendous effort made last year by the President and by members of the Budget Committee and of the Senate, the rate of increase in spending for the current year is 13 percent, and that is a minuscule reduction from the 14 percent rate of increase the year before.

The Senator from Virginia, I must say, is deeply alarmed at this continued high rate of increase in spending and deeply alarmed at the magnitude of the deficits. I do not see how we can get interest rates down when the Government will go into the money markets for such huge sums to finance deficits which will aggregate $468 billion during the period of 3 years and 5 months.

May I ask the Senator one additional question. In regard to the increase in the national debt going to $1.292 trillion by the end of fiscal 1983; namely, 1 year and 5 months hence, the deficits as listed in the budget resolution do not add up to that figure of $227 billion by which the debt will be increased. Of course, that 227 figure includes the offbudget deficits, does it not?

Mr. DOMENICI. Yes, the Senator is correct.

Mr. HARRY F. BYRD, JR. It includes both the budget deficits and the offbudget deficits?

Mr. DOMENICI. That is correct.

Mr. HARRY F. BYRD, JR. Will the Senator indicate what the offbudget deficits are estimated to be for fiscal 1982, fiscal 1983?

Mr. DOMENICI. Mr. President, I again have to have the staff look that up for me. I will be glad to do that. If the Senator wants, we will put it in the RECORD as part of my closing colloquy. As soon as they figure that out for us, we will do that, if it is all right with the Senator.

Mr. HARRY F. BYRD, JR. Good, if the Senator could put it in at this point.

Mr. DOMENICI. Yes, indeed, we will.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. DOMENICI. I say to my friend, the Senator has in a very succinct way pointed out to the Senate, to the American people, that the notion rampant across the land that the budget is being dramatically reduced, programs are being greatly cut, is just not true. I would add, however, that the part of the budget that we have not adequately addressed is the part that is called uncontrollable. Some do not like us to call them entitlements or uncontrollable entitlements because our people look and say, "You control everything so why do you not control them?" But the point I would like to make is that, for whatever, reason, programs like medicare, when somebody qualifies, you pay the bill we call an entitlement because either the person or the situation has created an entitlement. When you find a program growing at 19 percent a year with inflation down at 4 or 5, and when you have many of those programs indexed—with a consumer price index that we know is not measuring inflation accurately you have billions of dollars in those types of programs. Spending of this type adds up quickly.

I think in fairness we have to add that, during the episode that the Senator is referring to, we are increasing defense dramatically, and that is in the budget. It is not immune from the statement that the budget is growing. It is in the budget and it is a major source of the growth in that budget.

I hope that the Senator would eventually join with the Senator from New Mexico and others and resist efforts to take items like social security and medicare disability funds offbudget. I think we can find ways to account for them so people know precisely where they are. But we will encounter this debate with those who want to take that offbudget. If we took these trust funds and said, "Well, they will not be on the budget anymore," then we would fundamentally change the definition of onbudget and offbudget as we know it today.

We would be saying, "Well, these issues are not within our jurisdiction. You better call somebody else over here and talk with them, because they do not belong to us."

I do not know if the Senator has given this issue any thought, but I just use this occasion to say we had better keep these trust funds onbudget so that we can exercise proper legislative responsibility to see that these funds are managed prudently and that the benefits that are provided under these trust funds are paid.

Mr. HARRY F. BYRD, JR. There is only one valid argument that I can see for segregating the social security trust fund from the budget itself, and that argument is this: None of those funds are from general revenue, general taxation. They are from the employer and the employee. None comes from the Government as such. When Lyndon Johnson decided to incorporate the trust funds and have a unified budget, I opposed that. The reason he did that was to make the deficits appear to be less in operating the Government than they really were; the trust funds were running a surplus.

I think today I would agree with the Senator from New Mexico. This is not the right time to take the social security trust funds outside of the budget.

Mr. DOMENICI. Because they are running a deficit, or at least those trust funds are not running a big surplus.

Mr. HARRY F. BYRD, JR. That was not my reasoning, however. My reasoning is that if we do that, it is going to appear and the real purpose will be to camouflage and distort the budget as we have operated under it for the past 12 or 14 years. So I think, even if the argument is in favor, this is not the time to do it. I would be inclined to support the position of the distinguished Senator from New Mexico in that regard. As a matter of fact, I think there are too many offbudget items now.

Has the Senator had a chance to get those offbudget figures?

Mr. DOMENICI. Yes, Senator. For the year 1981, the offbudget contribution to the deficit is $19.8 billion; for the 1982, the offbudget contribution is $21.4 billion; for 1983, the offbudget contribution is $20.7 billion; in 1984 it is $20.2 billion; of course, the estimate for fiscal year 1982 through fiscal year 1985 projections.

Mr. HARRY F. BYRD, JR. If we take the fiscal year 1983 increase in the public debt, the deficit for that year is—I think your new figure is $116 billion; is it not?

Mr. DOMENICI. $115.4 billion.

Mr. HARRY F. BYRD, JR. In round figures $115 billion. That leaves $112 billion.

May I ask where is that other $112 billion? $21 billion is in offbudget items. That still leaves about $90 billion.

Mr. DOMENICI. The total increase in the public debt for fiscal year 1983 is $147.9 billion under the resolution as it now stands. This is composed of $115.4 billion for unified budget deficit, $21.4 billion for offbudget financing and $11.1 for trust fund surplus balances. In addition, I should like to give the Senator the number, showing the percent growth that was occurring in the Federal budget, if the economic assumptions and if all the reductions are carried out by Congress.

Mr. HARRY F. BYRD, JR. A very dubious assumption.

Mr. DOMENICI. The latter is a dubious assumption. The growth rate would be 5.8 percent, 1983 over 1982; 6.2 percent, 1984 over 1983; and 6.9 percent, 1985 over 1984. That is a significant drop.

Mr. HARRY F. BYRD, JR. Is it not correct, however—since the Senator has brought up the matter—that this time last year, the first budget resolution projected an increase in spending of 6 percent and we now learn it is 13 percent?

Mr. DOMENICI. The Senator is correct.

Mr. HARRY F. BYRD, JR. I also point out what I call the factor 44. If we go back 3 years, we will find that in each of those 3 fiscal years, the first budget resolution underestimated spending by $44 billion. That occurred 3 years in a row, including this current fiscal year. So if that factor of 44 continues on, we can see that not very substantial progress will be made.

I am not critical of the Senator from New Mexico, because it is very difficult to estimate these expenditures. I realize that. I know how conscientious and dedicated he is and how hard the chairman of the committee has worked to hold down these huge deficits. Nevertheless, the fact is that there has been virtually no reduction in the rate of increase in spending to date.

Mr. DOMENICI. Mr. President, I ask unanimous consent to have printed in the RECORD the information with respect to the total makeup of the deficits, about which the Senator from Virginia inquired.

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

COMPOSITION OF PUBLIC DEBT

[Dollars in billions]

	Level	Change
Debt fiscal year 1981	1,079.8	
Unified deficit	117.7	
Offbudget	19.8	
Trust fund	7.9	64.4
Debt fiscal year 1982	1,144.2	
Unified	115.4	
Offbudget	21.4	
Trust fund	11.1	147.8
Debt fiscal year 1983	1,292.1	
Unified	91.3	
Offbudget	20.7	
Trust fund	15.9	127.8
Debt fiscal year 1984	1,420.0	
Unified	64.2	
Offbudget	20.2	
Trust fund	28.6	
Debt fiscal year 1985	1,533.2	113.2

Mr. CHAFEE. Mr. President, will the distinguished manager of the resolution yield me 2 minutes on the committee's time, for a colloquy?

Mr. DOMENICI. I am pleased to yield 2 minutes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Rhode Island.

Mr. CHAFEE. Am I correct in assuming that $434 million of the $1.5 billion in deferrals has been added back into the budget resolution specifically to fund Department of Energy activities?

Mr. DOMENICI. Yes; that is correct.

Mr. CHAFEE. Mr. President, I have discussed this matter with the distinguished chairman of the Budget Committee and understand that the budget resolution is not an appropriate vehicle to earmark these funds—$434 million—for specific programs within the Department of Energy. That is a prerogative of the Appropriations Committee which will be deciding these matters over the course of the summer.

However, I should like to point out for the benefit of my colleagues that the $434 million which is now contained within the resolution is, in fact, being used in fiscal year 1982 to fund specific fossil energy and energy conservation programs. It is my strong personal desire for the Congress to continue to use these funds to support continuation of these important programs.

I submit for the RECORD a table illustrating how this $434 million is presently divided among specific DOE programs. I also introduce a more detailed table illustrating the impact of such funds on energy conservation activities within DOE.

Clearly, 63 percent of the conservation budget, $241 million, is comprised of deferred moneys.

If activities such as the low-income weatherization program and the schools and hospitals conservation program are to continue in fiscal year 1983, it is imperative that budget levels include deferred moneys. In my mind, these programs are critical to maintain a balanced energy policy and, at the same time, they are important to maximize money spent for the low-income fuel assistance program.

In my home State of Rhode Island, for example, weatherization efforts have enabled us to save 18 cents out of every $1 of low-income fuel assistance funds, and I am very pleased to see that we have provided in the fiscal year 1983 budget resolution for the continued existence of the weatherization program.

Mr. President, I ask unanimous consent to have printed in the RECORD the material to which I have referred.

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

DOE PROGRAMS FUNDED IN WHOLE OR IN PART FROM DEFERRAL/TRANSFER FUNDS IN FISCAL YEAR 1982

[Millions of dollars]

	1983	1984	1985
Fossil energy R. & D:			
BA	9	9	9
O	3	8	9
Fosil energy construction:			
BA	9	2	2
O	5	6	2
Energy supply R. & D. operating:			
BA	115	115	115
O	75	105	115
Energy supply R. & D. plant capital:			
BA	22	22	22
O	7	17	22
Energy conservation:			
BA	241	241	241
O	63	184	241
Economic regulation:			
BA	38	38	38
O	26	33	33
Total:			
BA	434	427	427
O	179	353	422

BREAKDOWN OF ENERGY CONSERVATION FUNDING FISCAL YEAR 1982

[Millions of dollars]

	Fiscal year—		
	1982 [1]	1981 [2]	1983 [3]
Conservation grants:			
Weatherization	32,893	111,107	144.0
State planning	15,000	9,000	24.0
Energy Extension Service		9,600	9.6

BREAKDOWN OF ENERGY CONSERVATION FUNDING FISCAL YEAR 1982—Continued

[Millions of dollars]

	Fiscal year—		
	1982 [1]	1981 [2]	1983 [3]
Schools and hospitals		48,000	48.0
Appropriation technology	2,880		2.88
Energy inventions	4,784	400	5.184
Program direction	6,310		6.31
Subtotal	61,867	178,107	239,974
Conservation R. & D.:			
Buildings	33,745	13,920	47.665
Industrial	8,948	19,900	28.848
Transportation	37,944	21,000	58.944
Energy conservation utility technology	384	7,843	8.227
Program direction	182		.182
Subtotal	81,203	62,663	143.87
Conservation funding:			
Grants	61,867	178,107	239.974
R. & D.	81,203	62,663	143.870
Total	143,070	240,770	383.844

[1] New appropriations.
[2] Deferrals to fiscal year 1982.
[3] Total new obligational authority.

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

Mr. CHAFEE. I yield.

Mr. HART. Mr. President, I had been prepared to offer an amendment to achieve the objectives the Senator from Rhode Island and I both wanted, and that is to continue energy conservation and alternative energy programs at the level of the 1982 budget. Since the Budget Committee has agreed to adopt this policy, I join my colleague from Rhode Island in congratulating the committee and urging the Energy Department to go forward with these funds to achieve these objectives.

Mr. President, I am pleased to join my colleagues in pointing out the significance of restoring funds for energy programs. The modified budget resolution, unlike the original committee resolution, allows continuation of all energy programs at the actual fiscal year 1982 level.

As my colleagues know, if the modified budget resolution had not included this change, I was going too offer, with Senators TSONGAS, CRANSTON, and BRADLEY, an amendment to make this change.

The increased funding is $434 million in budget authority and $179 million in outlays. Without this increase, it would not have been possible to continue even the current very modest amount of funding for conservation and research into alternative energy supplies. These activities, while the most cost-effective in reducing our dependence on costly and insecure foreign oil, are not supported by the administration and would likely be the first programs cut if there were to be any reductions in the current level of appropriations on all energy programs.

Mr. President, while the modified budget resolution does restore the minimal commitment to energy programs, especially energy conservation programs, which was the purpose of the amendment I prepared, we should not delude ourselves that this modest change itself will bring about an adequate balance in our Federal energy efforts. The increase in budget authority will prevent energy conservation programs from being curtailed, but it will not guarantee what I hope the Appropriations Committee will achieve: shifting the Federal government's energy priorities, away from the relative costly and inefficient nuclear programs favored by the administration and toward a more even balance of programs more likely to end our dangerous addiction to imported oil.

Mr. CHAFEE. Mr. President, I thank the distinguished chairman of the committee.

Mr. DOMENICI. Mr. President, I say to the Senator from Rhode Island that it is a privilege to work with him on a matter such as this. He knows, and he properly indicated, that we add a lump sum to that energy function. We do not earmark, as we indicated. The Senator from Rhode Island has clearly and succinctly stated that if the appropriators choose to, they can accomplish these kinds of programmatic add-ons within the number we submitted in our amended budget, which the Senator helped us prepare.

Mr. CHAFEE. I thank the Senator very much for his comments and assistance.

Mr. DOMENICI. Mr. President, I yield to the distinguished Senator from Vermont.

Mr. STAFFORD. Mr. President, I thank my friend and colleague, the distinguished chairman of the Budget Committee, for yielding.

Mr. President, I want to indicate my strong support for the provisions contained in the modified budget resolution offered by Senators DOMENICI and BAKER with regard to the guaranteed student loan program. I had serious objections to the amount of GSL savings which the original resolution reported by the Budget Committee required the Senate to achieve, and I am pleased that a compromise has been worked out. This compromise incorporates, I am assured by the chairman of the Budget Committee, the amendment I would have offered to the original resolution to restore GSL funding to allow for current law operation of the program.

The new version of Senate Concurrent Resolution 92 provides for increases above the original resolution levels for GSL, adding $289 million in budget authority and $144 million in outlays in fiscal year 1983; $819 million in budget authority and $684 million in outlays in fiscal year 1984; and $1.29 billion in budget authority and $1.173 billion in outlays in fiscal year 1985, and will insure that the Labor and Human Resources Committee will not be required to report changes in the GSL program.

Are those figures correct?

Mr. DOMENICI. Yes; my staff has reviewed them and has informed me that they are correct, and I am prepared to so indicate.

Mr. STAFFORD. I thank the Senator.

Mr. President, this compromise will enable the guaranteed student loan program to operate without further changes for the 1983 fiscal year, and will enable millions of students to plan the financing of their higher education without fear of being denied access to a loan or incurring unreasonable levels of debt. I recognize the concerns of the chairman of the Budget Committee with the cost of the GSL program, but I assure him that the provisions of the Omnibus Budget Reconciliation Act of last year have successfully curtailed the cost of the program without jeopardizing its very existence. We will continue to see the impact of these savings in future years.

I want to especially thank the 21 of my colleagues who agreed to join in cosponsorship of my amendment—Senators D'AMATO, DANFORTH, HEINZ, WEICKER, ROTH, JEPSEN, PRESSLER, PELL, BURDICK, MOYNIHAN, RANDOLPH, LEVIN, RIEGLE, BRADLEY, MELCHER, TSONGAS, HUDDLESTON, MATSUNAGA, CRANSTON, CANNON, and FORD. Their strong interest in maintaining a strong and viable guaranteed student loan program reaffirms the bipartisan support which has characterized the Federal student aid programs since their inception.

There is no way we as a nation can remain competitive with other countries if we neglect the education of our young people. The cost of higher education is so great today that many prospective students are unwilling to risk incurring debt to attend college, particularly given the uncertain job market which they face upon graduation. The Federal Government should not be compounding the odds against students and their families by changing the GSL program to increase their financial burden, and I applaud the wisdom of my colleagues in adopting the provisions of my amendment.

Mr. DOMENICI. Mr. President, I understand that Senator HART is prepared to proceed with his amendment, and I designate the junior Senator from Colorado (Mr. ARMSTRONG) to manage the resolution for our side.

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

UP AMENDMENT NO. 971

(Purpose: To add additional funds for compensatory education)

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

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Colorado (Mr. HART), for himself and Mr. HOLLINGS, Mr. RANDOLPH, Mr. BRADLEY, Mr. LEVIN, Mr. RIEGLE, Mr. STAFFORD, Mr. DURENBERGER, and Mr. BIDEN, proposes an unprinted amendment numbered 971.

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

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

The amendment is as follows:

On page 2, beginning with line 15, strike out through line 1 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,303,700,000 plus $300,000,000.

Fiscal year 1984: $897,006,200,000 plus $600,000,000.

Fiscal year 1985: $972,808,700,000 plus $900,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,603,700,000.

Fiscal year 1984: $832,306,200,000 plus $300,000,000.

Fiscal year 1985: $889,408,700,000 plus $600,000,000.

On page 3, strike out lines 6 through 8 and insert the following:

Fiscal year 1983: $115,403,700,000 plus $16,000,000.

Fiscal year 1984: $91,306,200,000 plus $300,000,000.

Fiscal year 1985: $64,408,700,000 plus $600,000,000.

On page 14, strike out lines 10 through 12 and insert the following:

Fiscal year 1983:

(A) New budget authority, $26,500,000,000 plus $303,000,000.

(B) Outlays, $27,000,000,000.

On page 14, strike out lines 19 through 24 and insert the following:

Fiscal year 1984:

(A) New budget authority, $26,700,000,000 plus $600,000,000.

(B) Outlays, $26,900,000,000 plus $300,000,000.

Fiscal year 1985:

(A) New budget authority, $26,400,000,000 plus $900,000,000.

(B) Outlays, $26,500,000,000 plus $500,000,000.

Mr. HART. Mr. President, this amendment is designed to achieve two fundamental objectives—that is, to restore certain minimal funds to continue title I compensatory education programs, and to achieve the same objective with regard to education for the handicapped. This amendment encompasses both those objectives. It represents, for all practical purposes, two parts of the four- or five-part amendment offered by the Senator from New Jersey (Mr. BRADLEY) last night, an amendment which was rejected very narrowly.

Mr. President, by way of review, let me just state, first of all, what the title I program achieves. Title I provides compensatory education for disadvantaged children. It is a clear-cut example of a Federal program that works in meeting a very demonstrated and clear-cut need.

Title I provides special help in reading and mathematics to low-achieving elementary students in low-income school districts.

The resolution presently on the floor freezes title I funding at the fiscal year 1982 continuing resolution level. The result of this would be a 20-percent loss in purchasing power over and above the $400 million cut in title I funding enacted last year.

The purpose of the amendment which I have just submitted on behalf of myself and cosponsors on both sides of the aisle restores modest funding to title I, in my judgment much less than required to meet the need for compensatory education in this country. In fiscal year 1983 this amendment would increase budget authority by $200 million, to $3.1 billion. It would increase outlays by $16 million for title I. That level is substantially lower than the $3.4 billion authorized through reconciliation last year. As I have indicated in budget outlays for fiscal year 1983 it is a mere $16 million increase.

This amendment is intended as a compromise which can be agreed to by the Senate under the very harsh budget realities that we face.

Briefly, let me summarize the record under title I.

Since 1965 title I has provided funds to 87 percent of the Nation's school districts to provide special help to students whose test scores show they are not working at or near the level of other children their age.

Presently, only 45 percent of the 11 million children who need this help are actually receiving it, due to insufficient funding. In other words, this assistance is less than half the level needed to solve a serious education problem in this country which purports to be an education leader of the world. Even with this low funding level, 87 percent of the school districts in the country receive some help.

For those who do participate in the program, title I provides necessary skills during the child's most formative years in school. It gives these children an honest chance to lead productive lives and nip in the bud the cycle of dependency before it begins.

Experts have almost uniformly agreed that this program has worked and worked very well for the last 17 years. One study cited by the Department of Education reports that title I students show achievement gains as high as 75 percent. Title I students continue to do better than students who do not receive compensatory education uniformly across the board.

Even this administration has attested to the effectiveness of title I. Education Secretary Bell told Congress last year, "Title I programs are successful," and that is a quote from his testimony.

Under other economic conditions, title I's funding should substantially be increased, but within this budget we should at a minimum be spared from further reductions. This amendment accomplishes this goal by providing moderate increases so that current levels of service can be maintained.

The second part of the amendment which I have offered, Mr. President, is directed toward minimal assistance for education for the handicapped. The Budget Committee freezes this program for the next 3 years at fiscal 1982 levels. About 4 million students are served by this program. This represents about $200 of Federal funds for each handicapped student, less than 10 percent of the cost of educating a handicapped student overall.

The Federal law, Mr. President, mandates that schools must provide an appropriate education for the handicapped. Therefore, Federal cutbacks will not reduce the number of students served. They will just force schools to increase spending to make up for Federal cutbacks out of State and local funds. We know these school systems are already financially strapped and, therefore, what happens when the 10 percent of Federal assistance is further reduced is that the handicapped children in our society receive even less adequate education.

Mr. President, in conclusion in arguing for this amendment, let me point out that in the past we have all viewed education as a necessity and not a luxury. But today as America is tested and challenged as never before, education is more than a necessity. It is a vehicle for national survival. We cannot compete in the world of the eighties and nineties without an adequate education base for all students in our society, not just for the most advantaged. We have to recognize that to have an expanding economy, to have economic growth, and finally, to have national security, not just economic security, but national security, we have to have a better trained and better educated citizenry.

Those of us who served on the Armed Services Committee, and the Senator from South Carolina has followed defense issues for many years, know that one of the problems we are facing in the security of this country is that we are sending people into our Armed Forces under the All-Volunteer Force who are not adequately educated to operate the sophisticated weapons systems of today and tomorrow. If we are serious about national security, and we say that we are going to spend $1.6 trillion on defense in the next 5 years, what difference does it make to buy the most sophisticated weapons that the laboratories can turn out but send people out to man, operate, and maintain those weapons systems who cannot even do it?

So what we are doing is rewriting the defense manuals for operation of weapon systems at lower and lower education levels to accommodate the lower training levels, skill levels, and education levels of people who we are bringing into our Armed Forces. That is not sound national security.

And it is also not sound education and economic investment. We cannot compete with the Japanese and the Germans and others, our principal economic competitors who are turning out a better educated and better skilled work force to compete in the world marketplace, while we continually cut and slash at the education base and the education skill levels of the average Americans who we hope will comprise the work force of the future.

So, Mr. President, I am arguing for this amendment, not only on economic grounds and grounds of economic security; I am arguing on grounds of national security and adequate national defense but most of all, Mr. President, I am arguing on moral grounds. We are not the society we purport to be or we hope to be or that we say we ought to be when we disadvantage those at the bottom of the economic ladder, take away their chance to compete and to have adequate economic opportunities in our society, or to take away the funding for handicapped children in this society.

So, I hope my colleagues on both sides of the aisle will see the wisdom in a modest restoration of the funds that are needed for all these purposes for the disadvantaged, for the handicapped, and for those who need compensatory education.

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

Mr. STAFFORD. Mr. President, I thank the distinguished Senator from Colorado for yielding.

Mr. President, I was anguished, having served as chairman of the Subcommittee on Education and Arts and Humanities in this Congress, to find myself in a position where I had to vote against the Bradley amendment last night. There were two elements in that amendment that I particularly disliked having to vote against, the program increase for handicapped children and the proposed increase for disadvantaged children, title I of ESEA.

So, I feel it necessary to rise in support of the amendment which the distinguished Senator from Colorado has proposed and which I have cosponsored.

Mr. President, our amendment would increase funding for the title I and education of the handicapped programs by $300 million in fiscal year 1983; $600 million in fiscal year 1984; and $900 million in fiscal year 1985, all in terms of budget authority. Actual outlays in these years will be substantially less. These increases would bring these important programs up to a current policy level, only a slight increase over what would be allocated by the Budget Committee in these important areas.

This amendment is especially important because I feel very strongly that the education of our disadvantaged and handicapped children should be of the highest budgetary priority. I do wish to say emphatically that Senator DOMENICI, as chairman, and other members of the committee deserve a great deal of gratitude and a great deal of respect for the efforts they have made in Senate Concurrent Resolution 92 for Federal elementary and secondary education programs. The funding recommendations in these areas contained in the budget resolution are well above the fiscal year 1983 recommendations made by the administration, as they should be, and I recognize and am grateful for that fact.

However, the need for funding in these areas of national priority are very real. We have a tremendous responsibility to insure tht our handicapped and disadvantaged children have an education that will enable them to share in the fullest fruits of our society to the greatest of their abilities. Local school administrators have told me repeatedly that they have a very difficult time meeting the Federal requirements, in particular, of Public Law 94-142, the Education of All Handicapped Children Act, with the limited amount of Federal funding provided. In 1975, when this important legislation was passed, the law stated that the Federal responsibility would provide 40 percent of the funds necessary to educate a handicapped child. Obviously, this promise has not been kept, and last year the Federal contribution amounted to only 12 percent. Our amendment would provide some slight relief for fiscally constrained school districts to educate these students, and would help insure that the education of the disadvantaged and the handicapped remains a Federal priority.

Mr. President, I want to join with and be associated with the very able statement made by the principal sponsor of this amendment, the distinguished Senator from Colorado.

I yield the floor.

Mr. HART. Mr. President, how much time remains for the amendment?

The PRESIDING OFFICER (Mr. ANDREWS). The Senator has 7 minutes and 48 seconds.

Mr. HART. I yield 5 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. I thank my distinguished colleague.

Some years back Senator Robert Kennedy came traveling south into the poverty areas of Mississippi and South Carolina. I, in turn, traveled to Bedford-Stuyvesant, Harlem, and various poverty areas in his State. There is poverty in all corners of the United States. Poverty is just not a regional thing. If I refer to it here now in a regional sense, it is because I know it intimately and I know what title I has done to alleviate poverty.

Our social programs interrelate. We established the WIC feeding program for the poor expectant mother, to insure that healthy children are born. You have to have a physically sound body in order to learn.

The only way to break the poverty cycle is first through a sound nutrition program for the expectant mother, then the child health care programs, and school lunches, and then at the elementary and secondary level, title I takes over and helps the child who has been falling behind or has not had the opportunity of Head Start.

Many of the youngsters in the United States today are TV educated. But I can tell you I have traveled miles and miles through sections of my own State where they have never seen a TV screen, have never turned a page of a book, do not know the alphabet; they are grown and healthy and ready to go, but they will never be able to keep up with their peers whatsoever. And these kids come from areas that have low capital income which is another catch-22 situation.

So the National Government some years back created a new special program—title I for the disadvantaged. We launched this particular program to help these kids catch up. Whether you are a Republican or Democrat, conservative or liberal, I categorically challenge anyone to say that the program does not work, or that there are tons of waste, fraud, and abuse in this program.

To the contrary, it works, it is successful, and it pays off.

We cut title I by $400 million in 1981 and $200 million last year, and this budget freezes it across the board for the next 3 years. These cuts may necessitate terminating 1 million children from title I, children who will not receive this kind of remedial reading, extra coaching, extra counseling, and special care. I think it is just poor economics, and I would plead with my colleagues. I tried to restore funds for title I in the Budget Committee; we only lost by one vote. I would hope on the floor of the Senate you will give more careful consideration to the title I program.

Title I is an investment we cannot afford not to fund.

Similarly, with respect to the handicapped, let us not play monkeyshines with the States. We hear all this talk

of New Federalism. We cannot offload the responsibility by cutting funding for the handicapped and then by Federal statute continue to require the States to provide an appropriate education for the handicapped.

If we cut education for the handicapped we are just forcing schools to increase their share of the costs, because the handicapped students must receive an education. This budget by way of sleight of hand merely passes costs on to the States which have had, incidentally, the courage and the gumption to raise the taxes to pay their bills. This body has not had that courage. The National Congress is right now on a $114 billion binge. That is how much extra Government spending they have allowed but they are not willing to pay for it. The States are paying their bills. The municipalities are paying their bills. So let us not shift costs to the States and say that we have solved our budget problems. That is hypocrisy.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HOLLINGS. I thank my distinguished colleague from Colorado. I am a cosponsor of the amendment, which I offered in the Budget Committee markup. I join Senator STAFFORD and thank him for his help as chairman of the Education Subcommittee, and I join Senator HART in this respect.

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

Mr. ARMSTRONG. Mr. President, I would like very much to join with my colleague from Colorado and other Senators who have spoken in support of this amendment because it is an inherently attractive idea, the notion that we would appropriate additional money or in this case add to the budget resolution additional funds of $1 billion or so for the next 3 years for the purpose of expressing our concern for those who are handicapped or educationally disadvantaged. This is a notion which instinctively I think appeals to every Senator and to every citizen.

Certainly if you are a parent of a child who is affected by these programs, that is, if you have a handicapped child or someone who is in some way or other touched in their day-to-day life by these programs which are funded under the programs or which would be increased by the amendment which my colleague from Colorado has suggested, you cannot fail to have a very great sense of interest and compassion.

I think if you actually have such a child in your home it would be perfectly natural if, in fact, you view this as the most important program in the Federal budget.

I would like to try to put that in some perspective, however, because virtually every program within the Federal budget is of the same quality of interest to someone.

If, for example, you are a Vietnam veteran and you have returned from Southeast Asia with a serious disability, whether it is a physical handicap or an emotional handicap or in some way or other your life has been changed by your experience in defending this Nation in Southeast Asia, if it is bad enough it may well be the very fact by which your whole life is defined. In other words, every day you get up and you are aware that you no longer have a leg or an arm or you are unable to work because of what you have been through in Southeast Asia.

In that event the probability is you do not have quite the same interest in what is the subject of this amendment, not because you are against it but because your life is so much influenced by a problem of another kind.

I would suggest to Senators if your thing is a symphony orchestra—and there are people who think symphony orchestras are one of the most important things because in the lives of some people they are not simply a form of entertainment but they are a part of culture and heritage, part of Western civilization—and I know people who literally believe, and I have had it asserted to me, I say to all Senators, "What is the sense in having a large budget for national defense to protect this country from invasion if, in fact, the country that remains is not a repository of the tradition and heritage of thousands of years which are accumulated in the arts and in the humanities and in symphony orchestras?"

If your interest is cancer research—and I happen to have a particular interest in that subject—it is very easy to focus on that to the exclusion of other kinds of concerns, particularly if you know someone who has been the victim of cancer. You may know someone who may have cancer and for whom an early cure of that dread disease would be an enormous blessing.

Then it is only natural to want to say, "Let's spend everything we possibly can for research into this dread disease."

The point I am making, I think, is obvious, and that is that every program, probably without any material exception, is important to some group of people. And while much has been made over the types of abuse that exist—and I think there is an overwhelming concensus that we want to do away with all the waste, fraud, and abuse in this budget—I would have to come to this conclusion: That most of the programs in the budget are worthy. They are subject, perhaps, to greater efficiency, to one degree or another, and clearly we all want to do away with the waste, fraud, and abuse. But the fact of the matter is that every program in here is meritorious, every one is worthy, every one, perhaps with a few exceptions, responds to a genuine human need which is of paramount importance to some members of society, probably to some constituents in the State of every Senator. It is important to keep that in mind because the amount of need is truly without limits.

Now, in response to the kind of concerns which I have mentioned, that is those of the handicapped and compensatory education, funding for science, for the arts and humanities, for national defense and for other purposes, the total of Federal spending has increased very rapidly in recent years. In fact, two decades ago it was about one-tenth of what it is today. When Dwight Eisenhower left the White House, Federal spending was $77 billion. When Ronald Reagan got into the White House, it was just about 10 times that amount. In spite of an enormous increase in Federal taxes during that 20-year period, Federal spending was going up so fast that even dramatic increases in taxes could not keep pace.

So, in consequence, we ran deficits year after year during that 20-year period. About $700 billion in deficits from 1960 to 1980. And, as we all know, recently Congress was asked to grant an increase in the national debt to more than $1 trillion.

What is the relevance of all of this to the amendment before us? Well, I think it is the very essence of the policy decision that is addressed not only in the amendment of my colleague from Colorado but in most of the amendments here, because the effect of that massive runup in Federal spending and the deficits which ensued was a structural change in the economy of the United States.

In 1960, when Ike left the White House, inflation was about 1.5 percent. By the time Ronald Reagan got to the White House, after 20 years of what one Senator termed fiscal debauchery—I wonder if the distinguished minority manager recalls the term "fiscal debauchery," which he once used to describe the activities of one spending jurisdiction in the United States—inflation, which had been running along at 1.5 percent, had reached the double-digit level. Interest rates which were about 5, maybe 6 percent, when Ike left office in 1960, were 22 percent when Ronald Reagan got here. Now, our productivity, which had been running along at an increase of 2.5 to 3 percent year after year, had fallen to a negative level. Unemployment, which had been much less, had risen to high levels and, in fact, has continued to rise since January a year ago.

Most economists believe, with some disagreement about the details, most economists believe that these adverse changes in our Nation's economy were

caused by excessive Federal spending. That is an arguable proposition and I do not want to try to argue it to a conclusion today. But I think most economists, bankers, investors, businessmen, and most of our constituents believe that too much Federal spending produced the inflation, the runup in interest rates and the decline of productivity.

Programs for the education of handicapped and compensatory education suffer just as much as every other segment of society from inflation, high interest rates, and the resulting economic dislocations which have wracked small businesses and farms and have created so much inconvenience and disorder in the capital markets and unemployment and hardship for practically every American family. For that reason, it was the decision of the Budget Committee—and I think a decision which is endorsed by virtually every thoughtful person who has looked at the issue—to go through the budget and make a series of decisions which, frankly, we wish that we had not the necessity to make; that is, to go through and restrain and, in some cases, even pare back programs which, taken individually, are meritorious.

So we went through and we did not give everything for cancer research that somebody could have asked for or could have been productively or usefully spent. We gave less than that in this budget. We did not give as much for national defense as many of us would think would be a desirable, useful figure. Instead, we gave less for that. The same thing in education, the same for programs in public works, for building dams, for highways, you name it. There is not any worthy program that I know of in this budget which could not productively spend more resources than the Budget Committee allocated in the resolution which comes to the floor.

Now, why is that? Why did we restrain the growth of worthy programs? Precisely because of the fear which I think is almost universal in this Chamber and certainly is very widely shared by our constituents at home—that if we somehow did not get Federal spending under control the situation in the economy would get worse; that is, that inflation would continue to rise, that interest rates would go back up again, that there would be more and more unemployment, more economic dislocations, and that every public and private sector enterprise and family would, thereby, suffer. To put it in a nutshell, I think most of us believe that the best thing we can do for these worthy programs of education, programs for the handicapped, for veterans, for national defense, for science and for the arts and humanities, for public works, and you name it, is to get the economy under control.

I have talked to a lot of people who are interested in education, including programs for handicapped education. I talked to two ladies from western Colorado a few days ago about this matter. I think they probably know more about the needs of the handicapped than anybody in Colorado, certainly anybody in western Colorado. They have been deeply involved in it. And just about the first thing they said to me after we sat down to talk through the needs of this program was this: "We understand," they said, "why you have got to curb Federal spending, and we are ready to take our share of the load."

Now, that was partly because they are good citizens and partly because they are patriots in the best sense of the word. But it was partly because it was doing no service, no favor to the programs for the handicapped or compensatory education, or whatever they might be to insist upon and lobby for and obtain increases in funding for their programs if the result were to pump more and more inflation into the economy, because they have been on a treadmill trying to keep up with inflationary increases.

So, in a very real sense, those ladies believe, as I deeply believe, that the best thing we can do for all of these worthy and meritorious programs is to somehow draw the line and get Federal spending under control.

Mr. President, I want to talk about the overall context of this budget, but before I do let me just make several very specific points that relate to the pending amendment.

First of all, the resolution, as recommended to you by the Budget Committee, is a proeducation resolution. It is more generous than the request of the President of fiscal 1983. The committee recommends an increase of $1.7 billion above what the President requested for elementary and secondary education, broken down as follows: Nearly a billion dollars more for programs under title I; $200 million more for education of the handicapped; $240 million more for vocational education; $260 million more for other educational programs, including bilingual education and the State education block grants.

The Budget Committee's recommendation—even taking cognizance of what I have already said about the need just to restrain Federal spending generally and why that is the best bargain and the best favor we can give to any of these worthy programs—this resolution is, nonetheless, proeducation in another very important aspect, elementary and secondary education. As we all know, Federal support for elementary and secondary education represents only a small fraction of the total that our Nation spends on education in the school systems. The Federal Government money accounts for only 7 percent or so of the $100 billion that is spent on public education for grades kindergarten through 12 in America.

So what is clearly much more vital, more intrinsically important to the future of education is the condition of our economy. In other words, if we succeed by the strategy which underlies this budget in getting the genie in the bottle, the inflation genie back in the bottle, that will mean more than any conceivable increase in spending can possibly mean to programs of primary and secondary education.

And so in that most important and fundamental aspect, this budget is more proeducation than anything we have seen in this Congress in many, many years.

Mr. President, while I am on my feet, I would like to discuss briefly the total context of this budget. I began to do so yesterday. I want to pick up the threat of those remarks simply to complete them and to insert into the RECORD some material which I think is significant and germane.

I talked yesterday about the positive effect of deficit reductions on interest rates and the overall economic situation.

I mentioned my correspondence with Wall Street economists and their perception that interest rates would drop substantially if Congress enacted a tough budget.

Mr. President, I ask unanimous consent to have printed in the RECORD the correspondence to which I have referred.

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

U.S. SENATE,
Washington, D.C. April 5, 1982.

DEAR SIR: As the Senate Budget Committee begins its work on the First Concurrent Budget Resolution for 1983, the issue causing greatest concern is the high level of interest rates. Given the size of projected deficits over the forseeable future, it is difficult to see how the economy can expect any relief unless Congress acts aggressively to reduce these deficits.

Recognizing this, several Members of the Budget Committee have devised deficit reduction programs (see attached). You will note that all the plans involve some very tough choices. I do not believe that Congress will bite the bullet and take the necessary actions unless there is the clear payoff of lower interest rates.

It would be very helpful to the Budget Committee's and Congress' deliberations if we had some sense of what these deficit reduction plans would mean for interest rates. To be specific, if a Domenici, Hollings, or any of the other plans, were enacted, what range of short term and long term interest rates might we expect in the near term and, say, six months from now? I would greatly appreciate your thoughts.

Best regards.

Sincerely,

WILLIAM L. ARMSTRONG.

DEFICIT REDUCTION OPTIONS, MAR. 31, 1982

[All numbers are reductions of the baseline deficits except where indicated by +; in fiscal years]

	Domenici			Hollings			Boschwitz			Kasten			Gorton			Grassley		
	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985	1983	1984	1985
Revenues	18.0	40.9	55.0	31.5	61.1	80.8	23.1	41.3	59.6	5.6	28.5	40.5	40.1	71.1	83.9	18.0	37.0	40.0
Defense	+.5	+3.7	+12.0	6.3	15.3	17.3	+2.2	+5.9	+14.7	+2.2	+9.0	+22.8						
Pay raises	5.7	8.2	10.7	5.7	8.2	10.7	3.3	7.1	11.2	1.1	2.3	4.5	5.7	8.2	10.7	3.2	7.0	7.7
Discretionary nondefense	3.4	8.8	15.8				3.6	9.4	16.6	8.3	17.0	25.0	3.6	9.4	16.6	3.6	9.4	16.6
COLA's	17.8	26.3	35.2	16.7	25.6	32.3	11.8	21.2	32.5	9.9	19.7	30.4	17.8	26.3	35.2	17.1	31.8	45.2
Other entitlement savings	8.6	11.4	14.3				14.9	26.9	39.5	11.0	16.7	23.1	2.6	6.4	11.4	11.0	16.9	23.7
User fees	1.0	1.9	2.2				.5	1.3	1.4	1.0	1.9	2.2						
Management savings	3.7	6.7	8.4	2.2	3.7	4.2	1.5	3.0	4.0	17.9	22.5	27.6	3.7	6.7	8.4	3.7	6.7	8.4
Interest savings	16.2	38.5	59.1	17.2	40.1	61.5	15.9	37.9	59.2	5.0	16.3	30.2	6.9	21.8	39.7	16.2	38.5	59.5
Total deficit reduction	73.9	147.1	188.7	79.6	154.0	206.8	72.4	142.2	209.3	57.6	115.9	160.7	80.4	149.9	205.9	72.8	147.3	201.1
Remaining deficit (−) or surplus (+)	−83.8	−41.0	−16.6	−78.1	−34.1	+1.5	−85.3	−45.9	+4.0	−100.1	−72.2	−44.6	−77.3	−38.2	+.6	−84.9	−40.8	−4.2

DILLON, READ & CO. INC.,
New York, N.Y., April 8, 1982.

Senator WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: Many thanks for your letter of April 2nd asking my opinion of the impact of various deficit reduction programs on interest rates. The answers in this letter are the results of discussions with my partner, Pete Flanigan, and reflect the opinion of Dillon, Read & Co. Inc.

The reason interest rates remain high in the face of falling inflation is the prospect for continued extraordinarily high demands by the federal government on the credit markets. The argument that projected deficits are modest in relation to GNP is not germane. Deficits are financed from savings, not from GNP, and the Federal Government's preemption of savings has grown dramatically in the last few years (Table I).

In the decade ending 1974, Federal and Federal Related Borrowings averaged 25 percent of Net National Savings. In 1982 these Borrowings are estimated to absorb over 90 percent of savings (Table II), leaving less than 10 percent of savings for borrowings by cities and states, utilities, industries, mortgage institutions, consumers, etc. Future deficits under the current Administration's proposals would increase this already destructive level of Federal absorption of savings.

As the five charts on Table III make absolutely clear, a high level of Federal and Federal Related Borrowings as a percent of Net National Savings has historically called forth an equivalent increase in money supply, which has resulted in an equivalent increase in the CPI.

Hence, as the fifth chart indicates, high Federal borrowings have in the past resulted in inflation. That being the case, lenders who foresee high Federal borrowings also foresee high inflation and demand high interest rates to offset it.

All the budgets, except the Kasten alternative, in the table sent with your letter, call for a fiscal 1983 deficit of about $80 billion as does the Administration-Congress budget compromise discussed in today's Wall Street Journal and approximate balance in 1985. The Kasten option also differs in that it relies heavily on "Management Savings" which experienced observers in the financial world have learned to mistrust. Thus, the five alternatives other than Kasten's produce essentially the same bottom line results and would have the same effect on interest rates. Our estimate is that, while short term rates would remain at double digit levels, the effect on long term rates would be as follows:

[In percent]

	Current		Effect	
	Gov'ts	AA Ind.	Gov'ts	AA Ind.
5 yr	14.19	15.12	10	10½
10 yr	14.13	15.12	10¼	10¾
Long term	13.67	15.75	11	12½

I trust this answers your questions. If you wish to discuss this further, please call either Pete Flanigan or me.

Very truly yours,

RICHARD A. BIANCO,
Managing Director.

DEAN WITTER REYNOLDS, INC.
New York, N.Y., April 8, 1982.

Hon. WILLIAM L. ARMSTRONG,
U.S. Senate
Washington, D.C. 20510

DEAR SENATOR ARMSTRONG: It has been my position for the past year that the mammoth Federal deficits that were expected in fiscal years 1982-84 would lead to record interest rates in 1981-82 and no growth in the economy. I was therefore delighted to receive your letter showing five alternative proposals to bring fiscal year 1984 down to $40 billion. I would expect short term interest rates to decline by 4-5% if that came about, and similarly bond rates would decline by 3% over a 6-12 month time horizon.

The tough budget-trimming numbers you show range between $160-200 billion by fiscal 1985. The financial markets would heartily embrace significant deficit trimming as these numbers imply. However, if only cosmetic changes of $30 billion by fiscal 1984 are made, it would be considered inappropriate and would lead to significantly higher interest rates.

Since you haven't supplied the details of how revenues will be raised, I assume it is either a business or personal tax increase. The President's staff has told me the Administration will not accept an elimination or deferral of the 1983 personal tax cut. I would offer for your consideration a suggestion that the third year of the personal tax cut be given to individuals in the form of a tax-free government savings bond paying market rates at the time of issue and nonredeemable for five years. This would eliminate $44 billion of fiscal year 1984 financing. It would give individuals their tax cut as a form of forced saving near term and potential buying later on. This would offer the beleaguered bond market some respite from government borrowing, and allow some corporate financing to occur.

I heartily endorse your courageous budget proposals and if you would like further elaboration of these points, please contact me.

Sincerely,

ARNOLD X. MOSKOWITZ.

IRVING TRUST CO.,
New York, N.Y., April 14, 1982.

Hon. WILLIAM D. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: Thank you for the opportunity to comment on the likely interest rate effects of bringing the Federal deficit under control. It is clear that we will not see sustained real growth in our economy until interest rates come down significantly. But it must be remembered that, although a significant reduction in interest rates is a necessary condition for growth, it is not sufficient. To see that this is so it may simply be noted that, if economic activity were to continue to decline this year, then interest rates would surely resume the drop they began last fall. But this decline of interest rates in a continuing recession is surely not what we want.

What we do want is lower interest rates along with the 4% or better real growth targeted by the Reagan Administration over the next several years and no acceleration in inflation. I am sure this could be achieved if the following two-part policy were adopted:

The financial markets must be sent a clear message that a program is in place to bring the Federal budget into balance as the economy moves back up toward full employment (which I take to be a 6% unemployment rate). The deficits must fall in a consistent and convincing manner over time under a realistic set of future economic forecasts as the economy recovers and unemployment falls. This will foster the expectations necessary to bring down long-term rates.

At the same time the Federal Reserve must also relax its monetary targets, which are too rigid and may allow insufficient room for real growth. Otherwise, there may not be sufficient transaction balances available to support an expanding economy, and therefore interest rates (which are the price of money) will remain very high. I believe the Fed's monetary growth targets must be broadened so that various unpredictable factors that impact money demand will not keep interest rates unduly high and prevent growth.

It is critical to its success that both parts of this policy be adopted. If it is, I am confident that we can have single digit short-term money market rates and a 12 percent or so residential mortgage rate within six months. At the same time I believe we will also begin the 4 percent plus real growth targeted by the Administration. And we will

see no acceleration in the inflation rate over the next several years.

I fully realize that the monetary part of this policy package is not within the scope of the Congress. Nevertheless, I believe we need not only an accord between the Administration and the Congress over the budget, but just as critically between the Administration, the Congress, and the Federal Reserve over both parts of the above policy.

This would indeed be a historic step, but I believe the economic situation requires it. The unemployment rate is at a postwar high, and business defaults are running at the highest rate since the depression. Moreover, we are seeing slip from our grasp a once in a lifetime opportunity to dramatically reverse the trend towards an ever increasing role of government in the economy.

I hope you find these thoughts of some use in your deliberations. I would, of course, be happy to help clarify any points that may remain unclear.

Best regards.

Cordially,

GORDON B. PYE,
Senior Vice President.

AUBREY G. LANSTON & CO. INC.,
New York, N.Y. April 12, 1982.

Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: Thank you for your request for my views regarding the impact on interest rates of various deficit reduction plans now being proposed in the Senate. The deficit cutting plans for fiscal 1983-85 are in my view vital in bringing about significant declines in interest rates. Such declines are, in turn, essential to cushion the current economic slump and to eventually pave the way to economic recovery.

Please allow me to underscore the seriousness of the problem. Our current estimates suggest that without further Congressional action the fiscal 1983 Federal budget deficit will soar to approximately $180 billion. This shocking prospect highlights the fundamental flaw in the Reagan economic program. On one hand it encourages commendable Federal Reserve efforts to starve the economy for new money and credit in order to permanently depress inflationary pressures and inflation psychology; while, on the other hand, the Reagan program has resulted in wildly escalating borrowing demands by the Federal government that threaten to shut many consumers, farmers, and business borrowers completely out of the financial markets. The fear is that this financial squeeze could lead to a tidal wave of bankruptcies and economic collapse.

In essence, there are only three ways to exert downward pressure on interest rates and to get out of the Reagan policy trap. One way might be for the Fed to cave in and open the new credit and money floodgates; but this would only lead to a future acceleration of inflationary pressures as in the past. Another way would be for Congress and the Administration to agree on deep cuts in the Federal deficit in the "out" years of fiscal 1983, 1984 and 1985 (as in the Senate proposals) in order to lessen the clash between the Federal government and private consumer, farmer and business borrowers and to aid the over burdened Fed in its lonely anti inflation efforts. Still another way to lower interest rates might be through a deeper and longer recession, eventually leading to further spending cut backs and reduced borrowing by consumers and, particularly, businesses; but the resulting weakening in job market conditions would likely push the unemployment rate well above 10 percent and the political consequences might be severe.

Clearly the most desirable alternative is to make deep cuts in the Federal budget deficits in fiscal 1983-85. At a minimum, the deficit cutting measures for fiscal 1983 should be $80 billion (in line with the options of Senators Hollings and Gorton). A good rule of thumb might be for roughly one half ($40 billion) of the needed deficit cut to come in the form of increased revenues (e.g., a $5 a barrel tax on imported oil, a 4% surcharge on incomes over $40,000 and a closing of corporate tax loopholes). The other half ($40 billion) should come in the form of spending cuts, but with even greater than proposed declines in defense spending.

In the event that such a deficit cutting agreement would be forthcoming by, say, May it would greatly ease pressures on interest rates. Not only would the Fed's anti-inflation burden be eased, but also the financial market's fears of a financial crisis and eventually higher interest rates would be eased. As a result, it could be expected that short-term interest rates, including the prime rate, might fall by at least 6 percentage points by later 1982 or early 1983 while longer term bond rates should fall by 4 percentage points or so.

If I can be of further assistance please let me know.

Sincerely,

DAVID M. JONES.

U.S. TRUST CO. OF NEW YORK,
New York, N.Y., April 20, 1982.

Senator WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: I have given the questions in your letter of April 5 a good deal of thought. I wish it were possible to give you unequivocal answers to them, but the extreme dependence of financial markets on expectations and shifts in expectations makes any views, at best, informed guesses.

Clearly the financial markets, as well as the Government and the public, are upset by the prospect of continuously increasing $100+ billion deficits. Even more important, in my opinion, is the fear that no one really understands these numbers and how to control them. So my first observation is that whatever budget plan is agreed upon should be credible and adhered to. If this means "accepting" a $125 billion deficit for FY 1983, that is better than aiming at a $100 billion figure and then exceeding it.

My second observation is that you must be able to show a declining trend in the deficit over the next few years, bringing it down to no more than 2 percent of GNP by the time the economy is fully recovered—probably 1984.

Finally, I believe the Treasury needs to be much more innovative in financing what will be an enormous volume of securities even under the most optimistic assumptions. Money managers, after all, are risking other people's money and are understandably afraid to invest in long-term bonds on a permanent basis until fiscal restraint has been proved. That may take several years. Individuals, however, can be appealed to on many grounds and, in my opinion, would be willing to provide funds in the two to three year maturity range at well under the 14 percent rate on marketable securities.

In this connection, I would like to recommend strongly that we revitalize the Savings Bond program. The Canadian government financed almost its entire annual deficit in its savings bond drive last fall. Certainly if higher-income taxpayers had a choice between a tax rate hike and a forced savings program, they would opt for forced savings.

We should recognize that a significant part of the current deficit is caused by the decline in inflation and therefore a lower "inflation tax," without a compensating decline in interest rates. The financing gap created by this development needs to be covered by longer-term bonds sold to the public directly. A key advantage of this approach is that it would tend to slow the growth in the reported monetary aggregates and make the Fed's targets less binding.

Assuming that all of this happens—a moderate-sized but credible budget reduction program, more innovative financing of the necessary borrowings and Federal Reserve Policy evolving away from extreme focus on one money variable and toward overall credit expansion and economic activity—it should be possible to bring interest rates down significantly over the next year or so. More specifically, the prime rate could be down to a more normal 3-4 points over the inflation rate, which by mid-1983 could be in the 5-6 percent range. Thus a 10 percent prime is not an impossibility. Over the next few months, the current monetary cycle could accommodate a decline in the prime to the 14 percent zone with long-term U.S. Treasuries in the 12½-13 percent range. Unfortunately, current Federal reserve procedures are likely to result in a rebound in rates back to present levels toward year-end. It is this prospect which must be forestalled.

Sincerely,

THOMAS W. SYNNOTT III,
Chief Economist.

BANKERS TRUST CO.,
New York, N.Y., April 16, 1982.

Senator WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: I appreciate your invitation to comment on current fiscal policy and its implications for financial markets in connection with the forthcoming deliberations of the Senate Budget Committee. The members of the Committee clearly face some very tough choices in their consideration of the First Concurrent Budget Resolution for 1983, and the decisions that emerge may be crucial in influencing the behavior of interest rates during the remainder of 1982 and even more so in the period beyond.

As one who is fairly closely in touch with the nation's money and capital markets, let me assure you that the primary reason that interest rates, particularly bond yields and other long-term rates, are holding at such lofty levels in the face of the current recession and the encouraging headway made this past year in slowing inflation is the alarming and deteriorating Federal budget situation. Without prompt and meaningful action to improve the fiscal picture, it is obvious that we face triple-digit budget deficits as far ahead as one can see. Unless this trend is arrested and reversed, interest rates not only will stay elevated, but they may go appreciably higher, bringing greater financial problems for businesses and the thrifts and other financial institutions, thereby short-circuiting the widely hoped-for economic recovery.

Whereas in earlier years, Federal budget deficits tended to shrink more or less automatically with a revival in business activity

in the aftermath of business recessions, this is no longer the case. Because of both the broadening of eligibility requirements and the indexing of the major Federal entitlement programs—Social Security, Medicare, military and civil service pensions, etc.—and the undermining of the Federal revenue base that has resulted from last year's large and extended tax cuts, budget deficits cannot be reduced now without specific action being taken by the Congress and the Administration. In addition to a significant slowing of the growth of Federal spending, including a real curb on the entitlement programs and some reduction in defense expenditures, these steps must encompass more than a modest increase in Treasury receipts. Moreover, there must be legislation to insure that the restraints on Government outlays will endure for a period of years.

Only then will major participants in the credit and capital markets become sufficiently reassured about the longer run inflation outlook and that Government borrowing will not "crowd out" private sector financing to go ahead and extend their security portfolios, thereby easing the upward pressure on long-term interest rates. Only then, too, can the Federal Reserve afford to loosen credit somewhat and ease pressures in the money markets.

As for how much interest rates might be expected to decline, given a meaningful and convincing improvement in the Federal budget picture, is very hard to say, in view of the deeply-rooted skepticism that presently exists in the financial markets. And it is even more difficult to assess the timing. It would certainly seem reasonable, though, with an early resolution of the budget dilemma to expect that long-term rates might fall by 2 or as much as 3 percentage points by the end of summer, and short-term rates somewhat more. If the Domenici, Hollings or other deficit reduction plans indicated were to be enacted, within a year long-term rates could well be down 4 or 5 percentage points.

I would emphasize again, however, that simply agreeing on a budget reducing target will not be enough to have a material and lasting impact on interest rates. It must be implemented by the appropriate legislation. The prevailing uneasiness in the money and capital markets was a long time in developing and will almost surely give ground gradually as well.

I trust these observations will prove helpful and I wish you and the Committee every success in the difficult task that now confronts the Congress and the Administration in putting the nation's fiscal house in order.

Sincerely,

DONALD E. WOOLLEY,
Senior Vice President.

MELLON BANK N.A.,
Pittsburgh, Pa., April 13, 1982.

Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: In response to your letter of April 2, I am pleased to submit the following comments.

First of all, there is little or no doubt that hopes for a sustained and vigorous economic recovery depend heavily on lower interest rates. And it is very difficult indeed to see a significant drop in interest rates until the projected budget deficits for the next several years are decisively reduced. In other words the budget deficits now in sight for fiscal 1983 and beyond are constituting a major roadblock in the path of economic recovery.

All the various plans which were enclosed with your letter contemplate deficit reductions on a scale which I believe would elicit a very favorable market response. For example, enactment of the Domenici, Hollings or Boschwitz plans would dramatically curb the Treasury's claim on the nation's available supply of credit. This combined with the recent substantial progress toward a lower inflation rate would in my judgment bring about a sizable three percentage point drop in both short- and long-term rates. Thus if any of the plans were enacted, the yield on a AA industrial new issue might fall to the neighborhood of 12 percent or even a little lower. And with short-term market rates of interest dropping to around 10 percent, we could look for a prime rate in the vicinity of 12 percent. This decline in rates should certainly occur within six months of the enactment of a deficit-reducing program.

Incidentally, since each budget-cutting plan assumes that the 91-day Treasury bill will fall to 9.4 percent by 1985, it follows that the reduction in interest expense in fact constitutes one of the largest items of planned savings. Since no one really knows the extent to which interest rates may fall in response to realized cuts in government spending and/or tax increases, it might be better to exclude these large interest savings from the various deficit-reducing options.

I hope these few thoughts will be of some use to the Senate Budget Committee and if there is anything else I might do, please let me know.

Sincerely,

NORMAN ROBERTSON,
Senior Vice President and Chief Economist.

AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH,
Washington, D.C., April 16, 1982.

Senator WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: The simple answer to your question about interest rates is that I don't know and I don't think anyone else does, just as no one knows why interest rates are now as high as they are. My own view is that with continued monetary restraint strengthening the belief that the inflation rate will be significantly and durably reduced, and with any of the plans listed in your enclosure, interest rates would come down substantially. "Real" interest rates would be higher than in the pre-1980 past, because of continuing deficits and tax incentives to invest, but they would be much lower than today. If forced to make a guess, I would expect long term rates to be about 10 percent a year from now.

Sincerely,

HERBERT STEIN.

LAZARD FRERES & CO.,
New York, N.Y., April 14, 1982.

Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG. You have solicited our views on the probable direction of interest rates if the various deficit reductions currently being proposed by members of the Senate's Budget Committee were to be adopted.

Judging by the strong sentiment in the financial community, we are drawn to the conclusion that any indication of a material shrinkage in the budget deficit for the next three fiscal years would provide relief for the credit markets. Some legislators are still clinging to the hope that a surplus might be achieved by the mid-80's. If such were to be the case, we believe that it would have to be primarily the consequence of strong business conditions in an environment of moderate interest rates rather than through higher taxes or sweeping paring of expenditures. With the national debt having an average maturity of less than four years, a reduction of one percentage point in interest rates would save well in excess of $3 billion in annual carrying cost; similarly, an increase in Real Gross National Product of one percent could add $10–$15 billion in revenues, including saving on some transfer payments.

Although we do not fully agree with every element of each Committee member's proposals, we find Senator Domenici's outline to be the most acceptable of the six, provided that it does not rely on any material modification in the remaining portion of the Economic Recovery Tax Act of 1981. The sacrifices appear to be widely distributed, while the proposed figures do not include Management Savings that may be difficult to achieve, such as those being advanced by Senator Kasten. In addition, Senator Domenici's approach to defense spending appears to be conducive to public acceptance and consistent with the realities of the world in which we live. Finally, his proposed savings on entitlements programs would probably prove to be far less punitive.

Senator Domenici has often been quoted in the press as supporting the repeal or delay of the tax relief provisions due on July 1, 1982 and again in 1983. If adopted, this would do irreparable damage to the economy, both in the short and long-term. We believe it would almost immediately deepen the recession, reduce savings, and aggravate the condition of domestic underinvestment with adverse consequences on our already unfavorable competitive position in world trade. Once the tax measures now in place are delayed or cancelled, the Congress may find it expedient never to reinstate it. In the meantime, the perception in the credit markets and among the public at large would be that Washington is reverting to the highly inflationary policies of the past.

The focal point of your inquiry was interest rates. These rates do not only reflect the balance of supply and demand for money and credit, but also are greatly influenced by psychological factors. At the present time psychology is particularly adverse. Concern that the budget deficits in coming years would effectively crowd out the private sector has kept rates perhaps three to four percentage points above where they should be, economic activity and the level of inflation considered. The Congress should seize upon the current favorable sentiment on inflationary expectations and quickly translate it into much lower interest rates. This can only be accomplished through clear signals of a compromising attitude on the part of the Administration and a bi-partisan approach to the reduction of the deficit.

Thank you for soliciting our views.

Sincerely,

STANLEY A. NABI,
General Partner and Chief Investment Officer.

BROWN BROTHERS HARRIMAN & CO.,
New York, N.Y., April 22, 1982.

Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: Your letter of April 5th poses a proper, interesting, and an almost unanswerable question. Our feeling here at Brown Brothers Harriman & Co. is that all of the Deficit Reduction Options will tend to lower interest rates. Because current interest rate levels appear to have a rather large psychological element, however, a judgment as to how much of a decline will take place is subject to a wide range of uncertainty.

We would like to make the following observations:

1. Any deficit reduction which results merely from a decrease in the interest rate assumptions made by Congress will not impress the market vey much.

2. We feel that true reductions in Government expenditures will count for more in the market than increases in taxes. One of our partners closely associated with the credit markets believes that a $1 expenditure cut will have about the same effect on interest rates as a $2 tax increase. It is extremely important that the government share of the economy be reduced so as to permit the expansion of the private sector.

3. Although we are aware of the political difficulties inherent in any change in the direction of government policy, we feel that what would impress the market is the elimination of entire progams and/or Departments.

4. It is very important that whatever reductions are proposed are capable of being implemented. The market would be very discouraged by a budget which is balanced merely by assumptions.

If the markets could believe that the deficit would approach zero in the next three years the "fear" or uncertainty premium now in the markets should substantially decline. Past history suggests that, over time, the level of interest rates is closely associated with the rate of inflation plus some constant which may be called the "real rate of interest". Therefore, if inflation were to average six or seven percent over the next three years (as we believe it should, given the aims of monetary policy) and the long-term real interest rate is 3.0 percent, nominal long-term interest rates should average around 9 to 10 percent over the same period vs. 13 percent for a long-term government bond today. Moreover, the yield curve should be positively sloped with short rates lower than long rates. This being the case, Treasury Bills should average less than 9 to 10 percent vs. 12½ to 13½ percent today.

We wish you success with your efforts to get the budget under control. If someone on your staff has done the work, it would be interesting for us to see the details as to how the members of the Committee estimated the interest savings shown in your outline.

Sincerely,

EDWARD J. CAMPBELL,
Manager and Chief Economist.

AMERICAN ENTERPRISE INSTITUTE
FOR PUBLIC POLICY RESEARCH,
Washington, D.C., April 8, 1982.

Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: Thank you for your letter of April 2.

The economic situation is so volatile that no one can promise with certainty that nominal interest rates will come down from current levels if the deficit is brought under control. A wave of major bankruptcies, erratic monetary policy and a thousand other things could keep them high.

However, the future deficit outlook is so horrible unless taxes are raised and outlays cut substantially that I feel confident in saying that if any of the plans in your enclosure were adopted, short and long interest rates would, in the future, be lower than they would be otherwise. How much lower is hard to say since we are now dealing with a psychological phenomenon called "fear."

But if a credible plan to lower deficits is combined with a renewed commitment by the Fed to adhere to its enunciated targets, I would not be shocked if long-rates were to tumble 300 basis points while short rates fell by a greater amount all other things equal.

Best wishes,

RUDOLPH G. PENNER,
Resident Scholar.

MERRILL LYNCH,
PIERCE, FENNER & SMITH INC.,
New York, N.Y., April 12, 1982.

Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

SIR: Needless to say, any of the plans outlined by you that would substantially reduce prospective budgetary deficits over fiscal years 1983-85 would sufficiently bring down interest rates to encourage a sustained economic recovery. However, the actual magnitude of decline in rates and with it the potential magnitude of the resulting recovery would hinge not only on the ultimate size of budgetary deficits—or surpluses—but on the composition of the alterations to the CBO baseline outlay and revenue projections. Another critical determinant in interest rate movements would be the relationship between projected deficits in the alternative plans outlines and current market participant expectations as to what the deficits as now constituted will be.

Taking the latter consideration first, it is doubtful that the markets have discounted into the yield structure deficits of the magnitude of the CBO's baseline projections. As a result, a plan that incorporates actual budgetary deficits not dramatically lower than CBO projections would not have much of a positive impact on the financial markets. On the other hand, it appears certain that most in the market are cynical about the administration's optimistic projections of steadily declining deficits from the projected $91.5 billion level for fiscal 1983. It would be my estimate that the yield structure has built in the anticipation of deficits in the $100-$150 billion range for the next several fiscal years. On this score, therefore, all six plans outlined showing sub-triple digit deficits on a declining plane over the out years would bring down interest rates—if in fact they were enacted and perceived to be viable and sustainable.

Herein lies the importance of the contour of the alterations in the baseline outlay and revenue assumptions. In this regard, it is my view that the financial markets are sympathetic to the President's view that the major budgetary difficulty over the past fifteen years or so has been on the expenditure side. Indeed, revenues have been unfairly boosted through inflation-induced tax bracket creep. As such, much of the tax "reductions" merely represent a cancellation of bracket creep tax "increases" that would have gone into effect without the tax cut package. It is also my belief that a reduction in projected deficits that comes primarily from the revenue side could prove quite transitory as Congress would probably find ways to convert such savings into higher outlays. In this vein, the Hollings and Gorton plans would be least desirable and the Grassley plan the most desirable.

The proposed areas of reductions on the outlay side are also critical in terms of composition. The financial markets are aware of the need to rebuild our military capability and realize that too small a defense budget would not be realistic or sustainable in the present troubled times throughout the world. On the other hand, the markets are troubled about the inflationary nature of defense spending. Some realistic balance has to be struck between these two considerations. On one side of this spectrum is the Hollings plan that probably calls for unrealistically large defense cuts, and on the other are the Gorton and Grassley plans that call for none. Since I am not a military expert, I do not know whether the recommended cuts put forth in the Domenici or the Boschwitz plans are most ideal. Both of these plans in terms of defense trimming, however, are ideal to the others.

In terms of further reductions in discretionary nondefense spending, the Kasten plan seems ideal—but too ambitious, given the reality of the situation. The Domenici plan, on the other hand, could be more ambitious and the Hollings plan is most definitely unacceptable.

After viewing these plans in a general way of taking into account the actual aggregate deficit that would result in each, the relative contribution of budgetary reductions on the revenue and outlay sides and the composition of expenditure reductions, I would find the Domenici and Boschwitz plans the most ideal. While the two plans would probably have the same impact on interest rates over fiscal years 1983 and 1984, the Boschwitz plan would obviously have the most favorable impact on rates in fiscal 1985. Not that the $18.1 billion differential between the two (a swing from the Domenici deficit of $16.6 billion to the Boschwitz surplus of $1.5 billion) would have a major fundamental impact in an economy of $4 trillion or so. But it most certainly would have a beneficial psychological impact on the credit markets if the budget were to actually show a surplus.

The most favorably impacted area of the yield curve from the enactment of these two plans would be in the intermediate and long end. The short end would continue to remain responsive to monetary policy. However, it too would receive a boost to the extent that the Treasury could dramatically reduce its reliance on Treasury bill financing. It is my view that, in light of the historically high premium built into long-term yields at present, deficits of the size incorporated into these two plans could bring down long-term rates by 2%-3%—maybe even more—within six months without any problem. Short-term rates, on the other hand, probably would not benefit dramatically until actual borrowing demands by the Treasury diminish toward fiscal 1984—since they respond to actual not expected future financing needs. However, with the knowledge that deficits would be shrinking and that fiscal policy would be significantly less expansive in the future, the Fed would probably feel more leeway to loosen its grip on the monetary side. As a result, even

three-month bill rates could decline 2%-3% over the next six months.

Sincerely,

DONALD E. MAUDE,
Chief Financial Economist, Chairman Interest Rate Policy Committee.

CLAREMONT MCKENNA COLLEGE,
Claremont, Calif., April 22, 1982.

Hon. WILLIAM L. ARMSTRONG,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ARMSTRONG: Thank you for your letter concerning the effects of budget deficits on interest rates. In my judgment, the current deficit, since it is to a substantial extent the result of the recession, has not been a major cause of the current high level of interest rates. However, widespread expectations that under current policies deficits will remain a high percentage of GNP even after a return to full employment have been a major factor. Historically large high employment deficits have induced higher rates of monetary expansion. If repeated, this would increase the inflationary expectations premium in nominal interest rates. Alternatively if the Fed did hold firm on its projected course of gradually slowing the rate of monetary expansion, large deficits would raise real interest rates and crowd out private investment.

Under either scenario considerable upward pressure would be placed on nominal interest rates. I believe that the current anticipation of this dilemma has had a major adverse impact on longer run inflationary expectations and interest rates. Budget action to reduce these concerns about the larger run budget outlook should have a substantial impact on interest rates now.

Because expectations are so important in this process, it is difficult to give any hard econometric projections of the magnitude of this effect. Recent quantitative work at the Federal Reserve Board suggests that a $100 billion reduction in the annual deficit would reduce real interest rates by about 200 basis points. This seems like a reasonable order of magnitude and a concomitant dampening of inflationary expectations should contribute to a still larger decline in nominal interest rates. It is important to remember, however, that to the extent that new lower budget projections are not fully believed by the market, the magnitude of any initial impact on interest rates will be lessened.

I hope that you will find these observations of use.

Sincerely,

THOMAS D. WILLETT,
Professor of Economics.

Mr. ARMSTRONG. Mr. President, I want to point out another aspect or two of that which I did not have an opportunity to discuss at that time.

That is the percentage of total new private capital which is eaten up by Federal borrowing.

In fiscal years 1965 through 1969, 16 percent was the Federal share. By 1980, this had risen to 36 percent; in 1981, 44 percent; by 1982, 47 percent. It is estimated that in 1983, it will be 52 percent and in 1984, 54 percent.

We are talking about that portion of available capital which is used up by Federal borrowing. Whatever the Federal Government uses up is not available to finance new home construction, new investment in private industry, which results in job-creating activities. It is not available to finance farms or small businesses. It is not available even to finance bond issues at the local level to provide schools and local government facilities.

It is not just that this means higher interest rates, although that is clearly the case, it also means higher unemployment and economic stagnation. That is why, in my judgment, it is absolutely critical that we turn down the trend of Federal spending and close the gap between Federal revenues and expenditures.

As we all know, and many of us have agonized in considering it, it is believed that in the next 3 years we will have $631 billion in deficits unless Congress acts affirmatively to reverse this trend. The effect of the budget resolution which has been presented to you by the committee is to reduce that by approximately two-thirds. That is, to introduce elements of budgetary restraint of more than $400 billion over the next 3 years, roughly $95 billion in new taxes and the balance in restraint in spending, in the original presentation of the committee, which has now been modified.

I discussed at some length the possible ramifications of such a budget recommendation with a number of people in the private sector. My theory was that those of us who are here in the Senate could easily be too close to the forest to see the trees and it would be useful to have some outside advice with respect to the task we were undertaking.

I would like to share with some of my colleagues the tremendous sense of enthusiasm expressed by private sector experts for efforts to substantially reduce the projected deficits.

I send to the desk and ask unanimous consent that it be included in the RECORD at this point a letter of May 14, 1982 from Robert C. Brown, executive vice president of the Tax Foundation, who comments on those issues. I would like to quote briefly from it.

Those of us who have studied the budget process before 1968 and following, believe that in today's environment it is more important than ever to include all of the activities of the Federal Government within the framework of the budget resolution. Moving social security off budget in no way resolves the tremendously important problem of maintaining a solvent and adequate program.

In other words, the Tax Foundation thought we would be wise to leave the social security trust fund on budget, as I believe we have determined to do, and to reject efforts to take this matter from the unified budget.

In another letter, which I also ask unanimous consent to be printed in the RECORD, under date of May 13, 1982, the Tax Foundation made the point that a reduction in deficits is not only essential but will, in the opinion of people at the Tax Foundation, have an important economic result.

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

TAX FOUNDATION, INC.,
Washington, D.C., May 14, 1982.

To All Members of Congress:

The attached letter to Senator Pete Domenici and Representative Jim Jones is self-explanatory. However, some added comments at this juncture of the deliberations on the budget are in order. If the proposal of removing $206 billion for Social Security from the fiscal 1983 budget should become the order of the day, you should realize that off-budget spending will be 40 percent of budget outlays.

Those of us who have studied the budget process before 1968 and following, believe that in today's environment it is more important than ever to include all of the activities of the Federal government within the framework of the budget resolution. Moving Social Security off budget in no way resolves the tremendously important problem of maintaining a solvent and adequate program, and the longer Congress delays the less chance there is for a satisfactory resolution of the issue.

Almost everyone is concerned about interest rates and why they won't come down. Everywhere I travel in this nation, I continue to hear the question, Why can't the Congress come to grips with some of these basic issues and solve them? Audience after audience reflects an attitude of disenchantment and extreme lack of confidence in both the desire and the ability of the Congress to resolve basic issues such as the Social Security dilemma.

We often speak of the money market as if it were an entity devoid of human thought and deliberation. But if the attitude of people who manage the private-sector resources is reflective of the attitude of the people I have been talking to this year, is it any wonder that interest rates will not come down? The more plans that surface which tend to avoid facing the issue, the greater the risk we run that the undesirable high rates of interest will be maintained. The signals that come from both ends of Pennsylvania Avenue are still not encouraging. Until they are, there is less and less chance for a strong recovery.

Sincerely yours,

ROBERT C. BROWN,
Executive Vice President.

Enclosure.

TAX FOUNDATION, INC.,
Washington, D.C., May 13, 1982.

Hon. PETE V. DOMENICI,
Chairman, Senate Committee on the Budget.
Hon. JAMES R. JONES,
Chairman, House Committee on the Budget.

DEAR CHAIRMAN: Reports in today's news of proposals to move Social Security off budget are very distressing. Such action would return the nation to where we were in 1968, governed by a budgetary process which was woefully inadequate to depict the size and impact of the Federal government then, and would be even less adequate to do the job now.

As the bipartisan report of the President's Commission on Budget Concepts put it in 1967, calling their statement a *major* (italics are the Commission's, not mine) recommendation:

"The budget should, as a general rule, be comprehensive of the full range of Federal activities * * *. Specifically, the budget

should include the transactions of the Federal trust funds."

Making Social Security an off-budget item does nothing to solve the present economic situation, much less correct the serious structural problems of programs like OASDI which are indexed to the rate of inflation. It distorts the true size of the unified budget deficit by over $10 billion for fiscal year 1983 alone. It misstates the true magnitude of the budget by some $195 billion for revenues and $206 billion for spending for FY 83. And it makes a joke out of the public finance debate.

While we can appreciate the desire on the part of Congressional incumbents to win reelection to the Senate and the House, we have to wonder whether those who are so willing to play fast and lose with the budgetary process of the nation deserve another opportunity to serve.

I hope that you two gentlemen, as concerned and serious leaders in the financial deliberations of both houses of Congress, will nip this movement in the bud. You have both espoused and spoken often of the need for true and meaningful reform of fiscal policy. I trust we can count on you to pursue this goal and reject such irresponsible moves as placing Social Security in an off-budget status.

Sincerely yours,

ROBERT C. BROWN,
Executive Vice President.

Mr. ARMSTRONG. The reason I raise this at this point, Mr. President, and it is relevant in a sense to the amendment which is pending though it has a larger context, is that with great reluctance some of us have agreed to the presentation of a modification to the budget resolution. The effect of this modification is to add back into the budget resolution a number of increases which were considered by the committee and which were not deemed advisable, among them approximately $40 billion in what were termed social security solvency savings.

I think it is generally understood that those savings must be made whether they are in the budget resolution or not, and I think it is transparently obvious that the reason we are taking the action that we are presumably about to take is simply because a majority of the Members of the Senate think this whole issue of social security is too hot to handle until after the election. My own belief is that this perception that somehow social security just cannot be mentioned, it is a political unmentionable, greatly underestimates the perspicacity and insight of the voters of the country. I think in this instance they are far more understanding of the reality than Senators give them credit for. In fact, it has been my observation that the people of the country, including social security recipients, are quite willing to have us make reasonable adjustments in the social security trust fund if necessary to save the trust fund itself.

I think they are sort of laughing at us for refusing to recognize the need to do so in this budget resolution. It does not really change anything because we are going to have to take the action that was recommended by the Budget Committee anyway. So in that sense it will not have any effect, although it does sort of transmit the signal, I would say to my colleagues, that we still have not quite gotten our courage up to what it ought to be to wrestle with these problems. We are sort of still skirting the issues and avoiding them.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. ARMSTRONG. Mr. President, I yield myself additional time from the resolution.

This is important because, as I have previously pointed out, the whole reason that we are adopting a budget resolution of restraint is to impress the private sector with our seriousness in closing the gap between Federal spending and revenue. That is why we have restrained the growth of these worthwhile programs which I mentioned earlier. It is not because we wanted to but because we thought the health of the American economy demanded it, and that if we failed to do so, we would court more inflation and certainly higher interest rates.

So I must say that I am dismayed that it was deemed necessary to take this politically untouchable item and postpone it until after the election. I think it is bad for the social security trust fund, which clearly is in danger and needs to be repaired at the earliest time rather than some later time; and, second, I think it is unfortunate from the standpoint that those who are watching our actions will interpret it as a sign of political cowardice. I think that is most regrettable.

But it does not really change the final outcome because sometime after the election we are going to come back and make the changes that are necessary, and those will have, as the chairman of the Budget Committee pointed out, their necessary budgetary impact.

All in all, Mr. President, the point I want to make as I conclude my remarks on this amendment is simply this: That either we believe in the overall notion of restraining Federal spending in order to heal what is so evidently wrong with the Nation's economy, or we do not. Those of us who are deeply committed to the idea that that is essential are willing to make substantial sacrifices for that reason, sacrifices in virtually every function of the budget, where restraint had been introduced, which we otherwise would be unwilling to countenance.

Some may not think the problem is serious enough to warrant the degree of restraint that I might suggest. To those I simply say, how bad do things have to get in the economy before we are willing to restrain ourselves in some way? It is a matter of jugment.

I suggest that when unemployment reaches 10 percent and when interest rates are hovering up in the high teens and show an uneasy tendency to go up above 20 percent again, when we are hearing every day of new business failures in the private sector, and when, after all, private spending has increased tenfold in the last two decades, this is not an unreasonable time for us to show a great deal of restraint, possibly even more than has been demonstrated by this resolution.

In any case, it appears to me to add, even for worthy purposes, additional amounts would be most unwise. For that reason, I shall reluctantly oppose the amendment offered by my colleague.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. From the bill itself, Mr. President, I yield such time as I may need.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, I listened to my distinguished colleague from Colorado, on the Budget Committee majority side. I agree with his comments on social security. I want to state that.

On the other hand, it sounds to me like a teacher and student debating in high school about the "octopus defense". That is where you squirt out the dark ink when you do not have any defense whatever. You squirt out the dark ink and steal away amidst the dark ink.

I tried to follow the Senator. He talked about symphonies and Vietnam war veterans. I was talking about the disadvantaged children of America. He talked about Vietnam veterans, symphony orchestras, and other things, and then went into a discussion about the Eisenhower years and then misquoted the Federal deficits.

The fact of the matter is that between 1950 and 1960, the cumulative deficit was only $17.7 billion, in a 10-year period. Between 1960 and 1970, it was $57 billion. So for a 20-year period it was $74.7 billion—less than $75 billion. We would love to get to a deficit this year of $75 billion, just in one year.

It was in the Nixon-Ford years, during their 8-year reign, that we started pell-mell down the road to big deficits. That is when we ran up, during that time, the $400 billion in cumulative deficits from 1971 to 1981—$400 billion. Our great Democratic President, Lyndon Baines Johnson, balanced the budget. That is the first time in that period between 1960-79.

The junior Senator from Colorado argued against our amendment but he did not state anything that was wrong with the program; he did not state that it was ineffective. He got into a very pleasing discourse about how we have to cut everything back to solve our problems.

But did we? Are we making cutbacks in just about every program? No. We are increasing many programs. We increased defense and the entitlement programs. And retired Senators and retired House Members should take us out to dinner, because we are going to take care of you. We did not make any decreases there. Or retired colonels, majors, admirals—no, no. They are going to get their increases.

We increased fire sales for surplus airplanes last week. They were 747's. They did not come offering us any L-1011's or DC-10's. Do you think that the Budget Committee just got together and cut all parts of the budget?

Hogwash.

The groups who can afford to hire people to lobby us, they get the treatment. For those who do not, the disadvantaged and handicapped children, who do not have the clout, they get cut out. What we are trying to do is get that particular disparity equalized, and given these kids a little head start.

What we are saying, Mr. President, is please do not cut these programs. We are trying to just freeze the program at the current policy level. That is not asking too much, I can assure you. Especially when we voted billions—$28 billion—more for entitlement programs in this budget. And gave billions more away in tax cuts.

Do you know what is going to happen here in 5 weeks' time, the 1st of July? We are going out to borrow $40 billion at 14.5 percent interest. And mail it around and call it a tax cut.

Of course, if we delayed cutting taxes, what do they call it—"revenue enhancement"? They have all kinds of key words for the way they want to describe raising taxes.

We do not have the political will to bring the budget under control. We need to address defense, taxes, and social security. The distinguished junior Senator from Colorado was talking about social security, and I admire him for it. On social security, he has been a stalwart and we tried to work together to sober this country up.

But with respect to defense programs, I am not sure we stand together. The poor defense contractor comes up, Paul Thayer from LTV, goes to the White House and says, "Please, Mr. President, we have a bottleneck. The contracts are coming so fast we cannot handle them."

So they come up to BARRY GOLDWATER with the AH-64 helicopter and say, "Senator GOLDWATER, we need a billion dollars more." For what? For 100 less helicopters. Cost overruns. Just willy-nilly, billions and billions. We have 50 programs in the Defense Department, approved by this Congress to cost $145 billion that are now on the books at $325 billion. And we want to cut programs for the poor.

Maybe we should put the Senate debates on TV. We could get the soap companies to sponsor the darned thing, I can tell you that. We could sell a lot of Camay with this fiction.

I can say here and now, Mr. President, you cannot win arguments about cutting programs for the disadvantaged and the handicapped with all this doubletalk about the entire budget and the Eisenhower years and symphonies and Vietnam veterans. We have a real problem. The Senator from Colorado (Mr. HART) touched on it when he pointed out the problems we are having in the All-Volunteer Army. Recruits are not coming with that talent and skills needed to operate effectively. So we are paying for cuts in title I with bigger problems in the military.

We are putting out field manuals in the armed services now that are like Life magazines, picture books on how to fix things the recruits cannot read. These cuts just do not make any sense.

Mr. President, the Senator from Vermont, the chairman of the Subcommittee on Education, is very frugal and very careful, has conscientiously stated he supports this amendment. He knows the problems. He has the responsibility to come up with solutions.

There is no use to come in and just stonewall all amendments and then give each other the good government award that we have a good budget. Later on I will offer an amendment that, if adopted, will make it a good budget.

We hope we can get a bipartisan effort going to really make a good budget. But barring that, do not reject every amendment and knock it down without consideration, even in the light of the plea of your own chairman on that side of the aisle.

Mr. President, I yield to the distinguished Senator from Colorado (Mr. HART).

Mr. HART. Mr. President, I ask unanimous consent that the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Hawaii (Mr. MATSUNAGA) be added as cosponsors.

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

Mr. HART. Mr. President, my distinguished colleague from Colorado featured in his remarks two phrases, control and restraint. I agree with him that both are needed. He analyzed how the Congress of the United States and the Federal Government arrived at where they are. I would just like to add to that two factors which he did not mention, both having to do with restraint. One is a $1.8 trillion defense buildup in 5 years, and the other is a $150 billion tax cut.

By no stretch of the imagination can either of those qualify under the description of control or restraint.

I like to cut taxes as much as anyone, and if we lived in a period of 2- to 4-percent inflation and a balanced Federal budget where the Government of the United States was not borrowing money, I might be willing to go along, I might even lead the charge in some experiment called supply-side economics—cut taxes and get more revenues or however it is defined.

But we did not do that. We experimented in a highly volatile atmosphere. I believe we ought to increase defense spending—nowhere near a $1.6 trillion defense buildup in 5 years—more selectively, more carefully calibrated and buying the right kind of weapons systems and not just throwing money at the defense problem. But neither of those policy decisions a year ago represented restraint or represented control.

So where do we find ourselves now? In response to two unrestrained policy decisions, we are now asking the disadvantaged and the handicapped children of this country to pay for it. The issue is who does pay? Who is going to sacrifice, and who is sacrificing in my own State of Colorado, and all around this country, are handicapped children and disadvantaged children.

This body last week had a chance to vote to defer, not to cancel, but defer, a nuclear powered aircraft carrier, $3.7 billion. We voted against it 60 to 40. That was not restraint. That was not an exercise in budget control. Now we are being told by people who voted for that aircraft carrier that we cannot fund the disadvantaged and handicapped children's education program. That is not fairness and restraint, and that is not fairness and sacrifice.

The PRESIDING OFFICER. The time of the Senator has expired. All time on the amendment has expired.

The junior Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I have a couple of observations and then I am going to yield to the distinguished Senator from New Mexico, the chairman of the Budget Committee, with the expectation that his remarks will close debate on this amendment, and I yield time from the bill.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ARMSTRONG. Mr. President, first of all, I say to my colleague from Colorado that this is a matter of priorities, and he is entitled, of course, to say that one portion of the budget is more important than another, and we all have our own opinions as to what the most important part of the budget is.

I respectfully disagree with my colleague, however, about the tax cut. To describe this as an unrestrained action or somehow to equate it with large increases in spending seems to be considerably wide of the mark. The fact is that taxes have risen very rapidly in this country for a number of years, due primarily to the graduated income tax and the rates of inflation which we have experienced, which have pushed all of us into higher and higher tax brackets; that is, all of us who have been fortunate enough to keep pace actually or approximately with the rise in inflation.

What we have had in our tax system and what for the next 3 years, at least, we will continue to have is sort of an engine that pushes taxes up. The tax reductions which were enacted by Congress last year, in fact, are just about enough, projected over the next 3 years, to hold us even. We are really not getting much in the way of a tax cut, but at least our taxes are not being raised very much more after two decades in which the average family's taxes were increased in nominal terms just about 500 percent, just about five times in nominal noninflation adjusted dollars.

There is another issue with respect to taxes that we should not lose sight of. The argument to put through the marginal tax rate reductions and the business tax cuts which were enacted by Congress and which were approved I believe on a vote of 87 to 11 in the summer of last year, I would remind my colleague, rested on two points. One was equity, the issue of whether or not it was fair to permit taxes on individuals and businesses to rise year after year, gobbling up a larger and larger fraction of their disposable income. That was one argument.

The other argument was what was it doing to our economy. It seemed to most of us that the evidence was quite clear that the increase in the Government portion of the economy occasioned in part by the tax increases was resulting in economic stagnation, unemployment, in a general decline in the tone and tenor and productivity and thrust and enthusiasm of the private sector and the productivity upon which our economic future depends. And so it was based on both equity and practical economics that 87 Members of this body voted to cut taxes.

Because there is an awful lot of hypocrisy in this game, I want to acknowledge that the Senator from Colorado, my colleague, is consistent on this matter. He was not for the tax cut then, he is not now, and so he is pursuing an agenda on which he has been consistent. I think that is admirable. I disagree with him in this particular instance, but I think it is quite different for him to make the argument that he has just made than it is for somebody who voted for the tax cut last year to now come back and complain of it, as some Senators have on a number of occasions recently.

Second, I would respond briefly on the question of whether or not $1.8 trillion in increased defense spending is well advised. That again is a judgment. Certainly, I wish that the military situation in the world were such that we could get by with a much lesser degree of increase. That is simply a judgment arrived at in consultation with the executive branch and many Members of Congress as to what is realistically necessary in order to meet our security requirements, that is, the threat posed by the Soviet Union. Somebody may think it is too much. It is my judgment that it is about right, although I wish that it could be a lot less and that that money could be returned to the taxpayers or returned to programs of education for the handicapped or for veterans or for any number of purposes which would be more desirable, at least, to this Senator.

I think it is worth pointing out that the distinguished minority leader of the Budget Committee raised the issue of how we piled up these deficits, and he may have left the impression that somehow the figures which I cited were incorrect. If he did so, I am sure it was unintentional. From 1960 to 1980, Federal spending, in fact, increased from about $77 billion to approximately 10 times that amount. He made the point that most of that increase came in the last half of the 20-year period, and reminded us that during part of that period Republicans occupied the White House.

I had not attempted to introduce a partisan element into it. I would certainly acknowledge that Jerry Ford had a big responsibility for that. He presided as President during the years when spending was very high and, in fact, when it was rising.

But since the Senator from South Carolina makes the point, let me just remind him that on the average the deficits during the Carter years were higher than those of the Nixon-Ford years. In fact, they were about twice as high.

I do not think, however, it is useful to get very deep in that partisan argument, because I believe most of us know that the blame falls pretty much equally on both parties, that both Republicans and Democrats had a hand in getting us into this mess; that if we are going to get out, if, in fact, we are going to show the kind of restraint and responsibility that is necessary to produce a budget which will head off an economic disaster, it is going to have to be done with the reasonable cooperation of Republicans and Democrats in both Chambers. I encourage my friend from South Carolina not to worry too much about whether or not the main responsibility for past indiscretions falls on Jerry Ford or L. B. J. or Jimmy Carter. The question is where do we go from here.

I am convinced that this budget resolution more or less in its present form, though it is far from perfect and I would say as one Member it is far from satisfactory to me, is so far better than the alternative, which is to let these enormous deficits in prospect occur, that I hope an overwhelming number of Senators will be disposed to turn down this amendment and subsequent amendments and, in fact, to support the resolution.

Mr. President, I now yield to the Senator from New Mexico, the chairman of the Budget Committee, who I believe has a few observations about this amendment, which I expect will close the debate on this issue.

Mr. DOMENICI. I thank my good friend from Colorado. I also thank him for relieving me on the floor.

Mr. HART. Mr. President, will the chairman yield for a question?

What does the floor manager have in mind in terms of a vote on this amendment?

Mr. DOMENICI. I was just going to say that I think the time on the amendment has expired.

The PRESIDING OFFICER. The time has expired.

Mr. DOMENICI. I am going to speak for about 5 minutes and then will be ready to vote, if the Senator from Colorado has nothing further.

We have not been rotating amendments, not because we have changed the procedure, but because we did not have any Republican amendments ready. We do now. An amendment by Senator HELMS will be next, and I understand the other side has a couple that have been ordered. So we will not take a Democratic amendment next, but one by Senator HELMS, on our side.

Mr. President, I have mixed feelings here, because I do not think there is any Senator more concerned about the future of education than this Senator. I stated some of the natural reasons for that last night, and I do not care to repeat them.

One does not have to be personally involved in a program in order to appreciate it, but I do happen to have eight children. They are in schools and often have classmates who are handicapped or need special help. I happen, through good fortune, to have a wife who, in a volunteer status, works in education for the handicapped. So I have a feel for it.

Soon after the President sent up his budget this year, in February, I met with teachers, administrators, parents, those involved in the programs that are in this amendment, from my State, from around the country. Originally I had wanted to support the President.

I said: "What do you think about the President's budget in these areas?"

I received a uniform reply: "Bad. Will not work. Too big a cut."

Even in my State, which has an excellent equalization formula for the schools, so that we do not have a big disparity between a school in a poor area, with poor children, versus a wealthier area—even in my State they thought it was too big a cut.

We suggested: "What do you think the effect would be if we stayed at the same level that you are getting this year?" I wish I had them before me now, because I cannot describe to the Senate the expressions of joy on their faces, to think that we might do that. We had all these cuts, and we said, "Why don't we make it level funding again—no cuts?"

In an almost incredulous response, they said, "Senators, if you can join others and do that, we would be satisfied."

Let us leave that.

The resolution before the U.S. Senate is a very proeducation resolution. Remember what the President originally requested which brought the educators—those concerned about title I, those concerned about handicapped education—up here in February, March, and April.

It significantly changes that original budget. In a moment, I will tell the Senate how much. It was a lot; not a few hundred million dollars, not $600 million or not $800 million, but $1.7 billion was added back to the function encompassing elementary and secondary education.

I say to the Senate that is really all you can do—add it back to the function. It does not matter what anybody says here about what it will be used for. That is up to the Appropriations Committee.

So $1.7 billion was added back. If anyone wants to insist on asking where it will go, I will be honest—I do not know. It will go where the Appropriations Committee puts it, not necessarily where we say it will go.

If you follow our assumptions, it is about a billion dollars that we have added back in title I. It is not $100 million; it is $1 billion: we have also added back $240 million for vocational education, $260 million for education, bilingual State block grants, and the like.

I think that is clear. I believe that if the Senate's Subcommittee on Education Art, and the Humanities were meeting today, with the economy we have today, and if they were drafting the laws that we are funding today, and if they saw the American economy today, with a projected $182 billion deficit in fiscal year 1983, $216 billion the next year, and $233 billion the next year, I honestly believe that that subcommittee would look at these numbers and say, "That is plenty of money, we have to take our share, too. We have a mess on our hands, and the best way to help education is to build the American economy back, to get interest rates down, to keep inflation down, and to get the country going again."

After all, most of education is not paid for by the Federal Government with programs such as this. It is paid for by State and local taxpayers, from State and local revenues.

In fact, last night I misspoke myself. I was trying to draw a comparison between how much money is spent in America for education and how much we were talking about in this measure, and I said $50 billion or $60 billion. It turns out to be $100 billion spent by local units of government to pay for elementary and secondary education.

We are here today talking about new budget authority of $4.5 billion over 3 years for these programs, as if that were the cornerstone for education in America. It is not. I understand, however, that since the avowed and alleged purpose for this $4.5 billion in new budget authority is for title I and handicapped, it is really hard for people to vote against it.

Let me summarize: The resolution before the Senate, which is sought to be amended, has already added back $1.7 billion over what the President asked for; $1 billion in title I over what he asked for.

If we assume that the money is going to be spent as recommended by the Budget Committee, there is level funding for these programs from 1982 to 1983. With inflation, that is somewhat of a cut. Nonetheless, it is level; it is not a reduction.

I urge that the Senate not adopt the amendment. We have been holding the line on what I think is a good budget.

In summary, I do not believe that anyone should ask for more for these programs now, with American economy in its present condition.

Mr. KENNEDY. Mr. President, once again the Senate is afforded an opportunity to send a message to the country regarding its priorities in this budget resolution. The issue is not—with all due respect to the chairman of the Budget Committee—whether our country is broke or whether we can afford more funds for education. The question instead is: Do Americans think that defense is so important to require a significant real growth while education is so unimportant that it can afford what is effectively a program cut?

I do not think that the country has such priorities—and I do not think that this budget should reflect such an orientation.

Mr. President, we are talking in this amendment about $1 billion in budget outlays. In terms of the budget deficit, that is a drop in the bucket. In terms of a $700 billion defense outlay, this is a drop in the bucket. But in terms of the title I program and the handicapped education program and many students across the country participating in these programs this amount is very important. Quite simply, it will be the difference between participation and aid or benign neglect and ignorance.

Mr. President, the title I program is a successful one. Study after study has shown that students benefit and in many cases benefit significantly from participation in this program. Yet the Budget Committee proposal will effectively cut 10 percent from this program. I think that such an action is simply wrong.

Handicapped education similarly has been effective at meeting a continuing, significant need. For too long prior to the adoption of Federal aid to handicapped for education, too many handicapped children had little prospect of receiving a quality education. This program changed that. It established an American commitment to these Americans. We should not now erode that commitment.

Our country cannot permit such an erosion in services—in fact, we cannot afford such a result. We talk often in these Chambers about the need to restore growth to our economy. We talk about investing in our Nation by investing in machines and new technology. But at the same time, we seem to forget who builds those machines and develops that technology. We forget, in short, our greatest resource—the American people. The best way to restore productivity to this economy is to train and educate our people—not to tell disadvantaged students that, in the eyes of the Senate, their education does not have a high priority.

Mr. President, we debated this issue last night and were told that the budget could not afford more money for education. I disagree. We can and must afford education. We must not forget the words of Franklin Roosevelt that "the last place that America should seek to economize is in the schools." This amendment needs the wisdom of President Roosevelt. I urge my colleagues to do likewise.

Mr. WEICKER. I rise in support of Senator HART, Senator STAFFORD and the other Senators cosponsoring an amendment to the budget resolution for increasing the funding for function 500, the education programs, in particular special education.

Adequate funding is critical for the implementation of the Education for All Handicapped Children Act. The law which mandates that special kids be given the special services they need to be all they can in our society must be supported. Last year's funding level will not accomplish next year's work. State and local school systems cannot provide tomorrow's level of services with yesterday's budget. They have yet to receive the percentage of Feder-

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al support promised them yet they are responsible for educating their handicaped children. To allow inflation to further erode Federal support is shirking our responsibility.

This amendment will provide at least some of the funds necessary to continue vital programs such as early childhood, vocational education, and other secondary programs, and personnel preparation. Early childhood programs for preschool handicapped children give them the best chance for learning to cope with their handicapping conditions and to capitalize on their capabilities. Vocational education programs which serve handicapped youth including regular vocational education provide preparation and training for employment. Personnel preparation is essential to keep the supply of competent special and regular education teachers we need to teach handicapped children.

These special education programs and others have been in jeopardy due to the budget cuts of last year. We cannot abandon our responsibility to handicapped children. I urge my colleagues to support this amendment and insure that handicapped children are afforded the rights of nonhandicapped children to a free, appropriate education.

● Mr. BIDEN. Mr. President, the title I compensatory education program for the disadvantaged has been one of the most successful education programs ever enacted by the Federal Government. By providing many basic reading and math skills to low-income students in our Nation's elementary and secondary schools, title I represents a crucial investment in this Nation's future.

Of course, Mr. President, most Federal programs are undertaken with goals as laudable as those which prompted enactment of title I. The fact of the matter, however, is that title I works, and works well.

Mr. President, numerous studies, including an extensive study undertaken by the Department of Education, have indicated that title I students perform at substantially higher levels than low-income students not served by title I programs. These are students who would not normally be exposed to the opportunity for a high quality education; and therefore would not otherwise be able to obtain the reading and math skills necessary to the achievement of success in later academic and career pursuits.

The sad fact, Mr. President, is that, even under current policy, title I reaches only about 40 percent of those students who are eligible for the program. If anything, we are not making a sufficient effort to provide this basic service to many millions of school children throughout the country.

Mr. President, if we do not make even the minimal commitment to continue this program at current service levels, we will be dooming those children to lives of substandard education and employment. Just as importantly, Mr. President, we will be robbing the Nation of its greatest natural resources—the minds of its young people.

Additionally, Mr. President, the Education for All Handicapped Children Act has made an invaluable contribution to our effort to open access to quality education to all American children. This fact was recognized when a bipartisan group of 285 Congressmen and 59 Senators wrote to President Reagan earlier this year requesting that no reductions be made in funding for Public Law 94-142 and that no changes be made in its regulations.

Mr. President, the fact of the matter is that, although the original plan was for the Federal Government to provide 40 percent of the funding for Public Law 94-142 programs, we are currently providing a mere 12 percent. We are already shirking the commitment made to the handicapped of this Nation when Public Law 94-142 was passed in 1975. We must not pull further back from that commitment.

Mr. President, I urge passage of the Hart amendment.●

Mr. DOMENICI. Mr. President, there is no time remaining on the amendment, and I am prepared to yield the floor, and am prepared to vote.

Mr. HART. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. HATCH). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICE. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Connecticut (Mr. DODD), is necessarily absent.

The PRESIDING OFFICER. Is there any Senator in the Chamber who wishes to vote?

The result was announced—yeas 48, nays 51, as follows:

[Rollcall Vote No. 129 Leg.]

YEAS—48

Andrews	Exon	Melcher
Baucus	Ford	Metzenbaum
Bentsen	Glenn	Mitchell
Biden	Heflin	Moynihan
Bradley	Heinz	Nunn
Bumpers	Hollings	Pell
Burdick	Huddleston	Pryor
Byrd, Robert C.	Inouye	Randolph
Cannon	Jackson	Riegle
Chafee	Johnston	Sarbanes
Chiles	Kennedy	Sasser
Cranston	Leahy	Stafford
DeConcini	Levin	Stennis
Dixon	Long	Tsongas
Durenberger	Mathias	Weicker
Eagleton	Matsunaga	Zorinsky

NAYS—51

Abdnor	Gorton	Packwood
Armstrong	Grassley	Percy
Baker	Hart	Pressler
Boren	Hatch	Proxmire
Boschwitz	Hatfield	Quayle
Brady	Hawkins	Roth
Byrd, Harry F., Jr.	Hayakawa	Rudman
Cochran	Helms	Schmitt
Cohen	Humphrey	Simpson
D'Amato	Jepsen	Specter
Danforth	Kassebaum	Stevens
Denton	Kasten	Symms
Dole	Laxalt	Thurmond
Domenici	Lugar	Tower
East	Mattingly	Wallop
Garn	McClure	Warner
Goldwater	Murkowski	
	Nickles	

NOT VOTING—1

Dodd

So Mr. HART's amendment (UP No. 971) was rejected.

Several Senators addressed the Chair.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HART. I ask for the yeas and nays.

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

Mr. BAKER. Mr. President, I ask for the yeas and nays on the motion to table.

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 New Mexico (Mr. DOMENICI). The yeas and nays have been orderd, and the clerk will call the roll.

The bill clerk called the roll.

(During the call of the roll, the Vice President assumed the Chair.)

The result was announced—yeas 51, nays 49, as follows:

[Rollcall Vote No. 130 Leg.]

YEAS—51

Abdnor	Gorton	Packwood
Andrews	Grassley	Percy
Armstrong	Hatch	Pressler
Baker	Hatfield	Proxmire
Boschwitz	Hawkins	Quayle
Brady	Hayakawa	Roth
Byrd, Harry F., Jr.	Helms	Rudman
Cochran	Humphrey	Schmitt
Cohen	Jepsen	Simpson
D'Amato	Kassebaum	Specter
Danforth	Kasten	Stevens
Denton	Laxalt	Symms
Dole	Long	Thurmond
Domenici	Lugar	Tower
East	Mattingly	Wallop
Garn	McClure	Warner
Goldwater	Murkowski	
	Nickles	

NAYS—49

Baucus	DeConcini	Huddleston
Bentsen	Dixon	Inouye
Biden	Dodd	Jackson
Boren	Durenberger	Johnston
Bradley	Eagleton	Kennedy
Bumpers	Exon	Leahy
Burdick	Ford	Levin
Byrd, Robert C.	Glenn	Mathias
Cannon	Hart	Matsunaga
Chafee	Heflin	Melcher
Chiles	Heinz	Metzenbaum
Cranston	Hollings	Mitchell

Moynihan	Riegle	Tsongas
Nunn	Sarbanes	Weicker
Pell	Sasser	Zorinsky
Pryor	Stafford	
Randolph	Stennis	

So the motion to lay on the table the motion to reconsider was agreed to.

Mr. DOMENICI. Mr. President.

The VICE PRESIDENT. The Senator from New Mexico.

Mr. BAKER. Mr. President, will the Senator yield to me for a moment?

Mr. DOMENICI. Yes, I am happy to yield.

The VICE PRESIDENT. The majority leader is recognized.

AMENDMENTS REMAINING

Mr. BAKER. Mr. President, this seems like a good time, perhaps, to try to get a bearing on where we are, how much time it is going to take, and when we are going to get finished. If I may have the attention of Senators, let me say that we have a great number of amendments on this list and I have a terrible feeling that the list may not be complete. What I need to do, if Senators will bear with me for a moment, is go over the list and ascertain if some of these amendments may not be offered and, in the cases where they will be offered, to try to suggest a time limitation less than that provided by statute and, heaven forbid, to see if there are others that may have to be added to the list.

If I may start down this list, I see on my list a Chiles amendment. I do not see the Senator from Florida on the floor. That is to deal with increased veterans benefits.

A DeConcini amendment.

Mr. President, I do not see—let me run through the list. There are not enough on the floor now to get a good count, but any Senators who do not intend to offer these amendments and/or any Senators who are willing to give us some sort of a reduced time, if they will contact either cloakroom and let us know, it would be most helpful as the leadership tries to decide how late we will stay in tonight and how late we may stay tomorrow in order to finish this resolution. We are going to try to finish it this weekend.

CHILES on veterans; DECONCINI on waste, fraud, and abuse; DECONCINI on veterans; METZENBAUM on tax increases; MOYNIHAN on superfund. That has been done.

Mr. HOLLINGS. That is another one.

Mr. BAKER. We have to do it again?

Mr. HOLLINGS. We have to do it again.

Mr. BAKER. MOYNIHAN on Postal Service; KENNEDY on Social Security; HOLLINGS on third year of tax cut; LEAHY-HOLLINGS on WIC; EAGLETON on indexing; SASSER on railroad retirement; BRADLEY on SPRO; RIEGLE on defense cut; PROXMIRE on credit budget; ROBERT C. BYRD on unemployment benefits; and CHILES on law enforcement.

Mr. BUMPERS. Will the Senator yield?

Mr. BAKER. Yes.

Mr. BUMPERS. Mr. President, there is a very good possibility that the Senator from Rhode Island (Mr. PELL) and I may offer an amendment to repeal the safe harbor leasing provision.

Mr. BAKER. Anybody else?

Mr. CHILES. Mr. President, I have an amendment on germaneness on the reconciliation.

Mr. BAKER. Another Chiles amendment on reconciliation germaneness.

Mr. HELMS. Mr. President, I shall take 30 minutes equally divided. We are going to address ourselves to a tax cut.

Mr. BAKER. Thirty minutes equally divided, the Senator from North Carolina is willing to accept.

Mr. DOMENICI. The Senator has two amendments, does he not, just for the listing?

Mr. HELMS. Yes, Mr. President, I have a second tentative one. You may as well put it down, but I am going to try to avoid calling it up.

Mr. BAKER. Can the Senator tell me the nature of that amendment?

Mr. HELMS. That has to do with defense spending.

Mr. BAKER. Senator MATTINGLY?

Mr. MATTINGLY. About 20 minutes evenly divided.

Mr. BAKER. What is the amendment on?

Mr. MATTINGLY. Revenue restraint.

Mr. DOMENICI. Mr. President, did the Senator say equally divided or evenly divided?

Mr. BAKER. Equally divided.

Anybody else?

Mr. HEFLIN. I have one on cancer. I am agreeable to 20 minutes, equally divided.

Mr. BAKER. Twenty minutes is long enough for the Senator.

Mr. BUMPERS. As the majority leader knows, this side of the aisle has a little retreat planned this weekend. The schedule was to leave here at 2 o'clock tomorrow afternoon. Can the Senator give us some idea of whether our party has been torpedoed or not?

Mr. BAKER. I do not plan to torpedo the party, but I must reiterate what I said before. I think we are obligated to try to finish this resolution this weekend. Really, the question at hand is whether we can finish tonight and, if so, by what hour or if it is necessary to be in session tomorrow—by the way, we will be in session tomorrow—and whether it is necessary to be in session on this resolution tomorrow.

Once again, my preference would be to finish this tonight, because I know a great number of Senators have plans for tomorrow, but it really seems unlikely that we can finish it tonight, unless we can get time reductions on most of these amendments.

I am going to ask our cloakroom to start shopping each one of them, and I will speak with the minority leader about doing the same on his side, and then we will try to work out an arrangement.

Mr. BIDEN. Mr. President, will the majority leader yield?

Mr. BAKER, Yes; I yield to the Senator from Delaware.

Mr. BIDEN. We Democrats, quite frankly, think what the Senate is doing is considerably more important than our retreat, and so it is of no relevance to our retreat tomorrow at 2 o'clock. I would like to make it clear. It is totally irrelevant. If we have to stay here through Sunday, we are delighted to do that.

Mr. BAKER. I thank the Senator from Delaware.

Mr. DOLE. Will the Senator yield?

Mr. BAKER, Yes; I yield.

Mr. DOLE. Would it be helpful if we did not talk so much?

Mr. BAKER, It might even be helpful if we did not vote so much.

Mr. President, I am advised that there are 14 hours and 20 minutes left on the resolution. I will announce my intention at this time to ask the Senate to remain in tonight late—we will reserve on how late—in an effort to try to complete this resolution. If it is not possible to do it, I am not inclined to ask the Senate to remain in all night but would rather resume consideration of this bill sometime early in the morning. But we can still finish this tonight if we put our minds to it and if we can negotiate short-time agreements so that we can get through this list of what is now 26 amendments that remain—27 amendments.

Mr. President, I thank all Senators for their attention, and I yield the floor.

Mr. DOMENICI. Might I ask the majority leader, so there will be no misunderstanding, we are doing our best to get a list of amendments but this is not binding on anybody?

Mr. BAKER, Yes; that is exactly right.

Mr. DOMENICI. If anybody else has any in mind, I assume we would like to know about them, but that is about the best we can do at this point.

Mr. BAKER, I do not want to know about it, but I guess we have to.

Mr. DOMENICI. Mr. President, I understand that it is now a Republican turn, and we do have an amendment. The distinguished Senator from North Carolina (Mr. HELMS) is going to offer an amendment. He says that we can agree on 30 minutes equally divided.

I ask unanimous consent that there be 30 minutes on the Helms amendment equally divided.

The PRESIDING OFFICER (Mr. MURKOWSKI). Is there objection?

The Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the distinguished manager. May we have order?

The PRESIDING OFFICER. Will the Senate please come to order? Will the Senate please come to order?

The Senate is now in order. The Senator from North Carolina is recognized.

UP AMENDMENT NO. 972

(Purpose: To reduce the level of tax increases)

Mr. HELMS. Mr. President, I have an unprinted amendment at the desk which I call up and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an unprinted amendment numbered 972.

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

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

The amendment is as follows:

Beginning on page 2, line 6, strike all through page 21, line 2, and insert in lieu thereof the following:

Fiscal year 1982: $623,000,000,000.
Fiscal year 1983: $647,000,000,000.
Fiscal year 1984: $704,000,000,000.
Fiscal year 1985: $782,000,000,000.

and the amounts by which the aggregate levels of Federal revenues should be increased are as follows:

Fiscal year 1983: $2,000,000,000.
Fiscal year 1984: $2,000,000,000.
Fiscal year 1985: $2,000,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.
Fiscal year 1983: $831,700,000,000.
Fiscal year 1984: $892,300,000,000.
Fiscal year 1985: $966,000,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.
Fiscal year 1983: $762,300,000,000.
Fiscal year 1984: $795,200,000,000.
Fiscal year 1985: $846,200,000,000.

(5) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.
Fiscal year 1983: $115,300,000,000.
Fiscal year 1984: $91,200,000,000.
Fiscal year 1985: $64,200,000,000.

(6) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.
Fiscal year 1983: $1,292,000,000,000.
Fiscal year 1984: $1,419,800,000,000.
Fiscal year 1985: $1,532,800,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.
Fiscal year 1983: $147,800,000,000.
Fiscal year 1984: $127,800,000,000.
Fiscal year 1985: $113,000,000,000.

(7) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1981, and October 1, 1982, are as follows:

Fiscal year 1982:
(A) New direct loan obligations, $67,300,000,000.
(B) New primary loan guarantee commitments, $93,000,000,000.
(C) New secondary loan guarantee commitments, $69,000,000,000.
Fiscal year 1983:
(A) New direct loan obligations, $63,600,000,000.
(B) New primary loan guarantee commitments, $102,500,000,000.
(C) New secondary loan guarantee commitments, $68,300,000,000.

(b) Pursuant to sections 301 and 304 of the Congressional Budget Act of 1974, the Congress hereby determines and declares the appropriate levels of budget authority, and budget outlays, for the fiscal years 1982 through and inclusive of 1985 and the appropriate levels of new direct loan obligations, new primary loan guarantee commitments, and new secondary loan guarantee commitments for fiscal years 1982 and 1983 for each major functional category are:

(1) National Defense (050):
Fiscal year 1982:
(A) New budget authority, $216,900,000,000.
(B) Outlays, $190,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $30,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $257,700,000,000.
(B) Outlays, $215,300,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $30,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $278,300,000,000.
(B) Outlays, $243,000,000,000.
Fiscal year 1985:
(A) New budget authority, $316,500,000,000.
(B) Outlays, $277,700,000,000.
(2) International Affairs (150):
Fiscal year 1982:
(A) New budget authority, $16,800,000,000.
(B) Outlays, $11,400,000,000.
(C) New direct loan obligations, $10,400,000,000.
(D) New primary loan guarantee commitments, $9,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $16,200,000,000.
(B) Outlays, $11,600,000,000.
(C) New direct loan obligations, $10,200,000,000.
(D) New primary loan guarantee commitments, $9,300,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $16,700,000,000.
(B) Outlays, $11,400,000,000.
Fiscal year 1985:
(A) New budget authority, $21,000,000,000.
(B) Outlays, $11,200,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1982:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $7,100,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $7,300,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $6,900,000,000.
(B) Outlays, $7,300,000,000.
Fiscal year 1985:
(A) New budget authority, $6,900,000,000.
(B) Outlays, $6,800,000,000.
(4) Energy (270):
Fiscal year 1982:
(A) New budget authority, $4,800,000,000.
(B) Outlays, $6,400,000,000.
(C) New direct loan obligations, $10,600,000,000.
(D) New primary loan guarantee commitments, $1,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $4,900,000,000.
(B) Outlays, $4,800,000,000.
(C) New direct loan obligations, $12,100,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $4,200,000,000.
(B) Outlays, $3,700,000,000.
Fiscal year 1985:
(A) New budget authority, $4,100,000,000.
(B) Outlays, $3,400,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 1982:
(A) New budget authority, $10,300,000,000.
(B) Outlays, $12,800,000,000.
(C) New direct loan obligations, $30,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $9,900,000,000.
(B) Outlays, $10,900,000,000.
(C) New direct loan obligations, $30,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $9,300,000,000.
(B) Outlays, $9,500,000,000.
Fiscal year 1985:
(A) New budget authority, $8,900,000,000.
(B) Outlays, $8,500,000,000.
(6) Agriculture (350):
Fiscal year 1982:
(A) New budget authority, $9,900,000,000.
(B) Outlays, $13,800,000,000.
(C) New direct loan obligations, $22,600,000,000.
(D) New primary loan guarantee commitments, $2,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $6,600,000,000.

(B) Outlays, $9,700,000,000.
(C) New direct loan obligations, $19,000,000,000.
(D) New primary loan guarantee commitments, $2,600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $8,300,000,000.
(B) Outlays, $7,500,000,000.
Fiscal year 1985:
(A) New budget authority, $6,700,000,000.
(B) Outlays, $6,700,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1982:
(A) New budget authority, $6,500,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $15,400,000,000.
(D) New primary loan guarantee commitments, $41,200,000,000.
(E) New secondary loan guarantee commitments, $68,200,000,000.
Fiscal year 1983:
(A) New budget authority, $6,900,000,000.
(B) Outlays, $3,800,000,000.
(C) New direct loan obligations, $15,100,000,000.
(D) New primary loan guarantee commitments, $41,200,000,000.
(E) New secondary loan guarantee commitments, $68,200,000,000.
Fiscal year 1984:
(A) New budget authority, $7,400,000,000.
(B) Outlays, $3,400,000,000.
Fiscal year 1985:
(A) New budget authority, $7,200,000,000.
(B) Outlays, $3,100,000,000.
(8) Transportation (400):
Fiscal year 1982:
(A) New budget authority, $20,800,000,000.
(B) Outlays, $21,300,000,000.
(C) New direct loan obligations, $400,000,000.
(D) New primary loan guarantee commitments, $900,000,000.
(E) New secondary loan guarantee commitments, $3,000,000.
Fiscal year 1983:
(A) New budget authority, $21,300,000,000.
(B) Outlays, $19,000,000,000.
(C) New direct loan obligations, $500,000,000.
(D) New primary loan guarantee commitments, $800,000,000.
(E) New secondary loan guarantee commitments, $3,000,000.
Fiscal year 1984:
(A) New budget authority, $21,500,000,000.
(B) Outlays, $18,300,000,000.
Fiscal year 1985:
(A) New budget authority, $21,800,000,000.
(B) Outlays, $18,100,000,000.
(9) Community and Regional Development (450):
Fiscal year 1982:
(A) New budget authority, $6,700,000,000.
(B) Outlays, $8,500,000,000.
(C) New direct loan obligations, $2,200,000,000.
(D) New primary loan guarantee commitments, $900,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $6,900,000,000.
(B) Outlays, $7,400,000,000.
(C) New direct loan obligations, $2,200,000,000.
(D) New primary loan guarantee commitments, $600,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $6,900,000,000.
(B) Outlays, $7,000,000,000.
Fiscal year 1985:
(A) New budget authority, $7,000,000,000.
(B) Outlays, $6,700,000,000.
(10) Education, Training, Employment and Social Services (500):
Fiscal year 1982:
(A) New budget authority, $25,400,000,000.
(B) Outlays, $28,100,000,000.
(C) New direct loan obligations, $1,300,000,000.
(D) New primary loan guarantee commitments, $6,500,000,000.
(E) New secondary loan guarantee commitments, $700,000,000.
Fiscal year 1983:
(A) New budget authority, $25,500,000,000.
(B) Outlays, $25,800,000,000.
(C) New direct loan obligations, $800,000,000.
(D) New primary loan guarantee commitments, $7,500,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $25,200,000,000.
(B) Outlays, $25,000,000,000.
Fiscal year 1985:
(A) New budget authority, $24,400,000,000.
(B) Outlays, $24,600,000,000.
(11) Health (550):
Fiscal year 1982:
(A) New budget authority, $78,500,000,000.
(B) Outlays, $73,700,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $79,700,000,000.
(B) Outlays, $74,300,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $100,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $92,600,000,000.
(B) Outlays, $79,600,000,000.
Fiscal year 1985:
(A) New budget authority, $104,300,000,000.
(B) Outlays, $89,700,000,000.
(12) Income Security (600):
Fiscal year 1982:
(A) New budget authority, $260,900,000,000.
(B) Outlays, $251,500,000,000.
(C) New direct loan obligations $2,800,000,000.
(D) New primary loan guarantee commitments, $17,000,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $281,700,000,000.
(B) Outlays, $260,800,000,000.
(C) New direct loan obligations $2,000,000,000.
(D) New primary loan guarantee commitments, $18,700,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $300,800,000,000.
(B) Outlays, $267,300,000,000.
Fiscal year 1985:
(A) New budget authority, $332,900,000,000.
(B) Outlays, $285,000,000,000.
(13) Veterans Benefits and Services (700):
Fiscal year 1982:
(A) New budget authority, $24,800,000,000.
(B) Outlays, $23,800,000,000.
(C) New direct loan obligations $1,000,000,000.
(D) New primary loan guarantee commitments, $11,900,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $23,400,000,000.
(B) Outlays, $22,100,000,000.
(C) New direct loan obligations, $1,000,000,000.
(D) New primary loan guarantee commitments, $20,900,000,000.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $24,200,000,000.
(B) Outlays, $22,400,000,000.
Fiscal year 1985:
(A) New budget authority, $24,400,000,000.
(B) Outlays, $23,300,000,000.
(14) Administration of Justice (750):
Fiscal year 1982:
(A) New budget authority, $4,500,000,000
(B) Outlays, $4,600,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $4,600,000,000.
(B) Outlays, $4,500,000,000.
(C) New direct loan obligations, $0.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $4,600,000,000.
(B) Outlays, $4,300,000,000.
Fiscal year 1985:
(A) New budget authority, $4,600,000,000.
(B) Outlays, $4,300,000,000.
(15) General Government (800):
Fiscal year 1982:
(A) New budget authority, $5,200,000,000.
(B) Outlays, $5,000,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1983:
(A) New budget authority, $5,000,000,000.
(B) Outlays, $4,600,000,000.
(C) New direct loan obligations, $100,000,000.
(D) New primary loan guarantee commitments, $0.
(E) New secondary loan guarantee commitments, $0.
Fiscal year 1984:
(A) New budget authority, $4,700,000,000.
(B) Outlays, $4,300,000,000.
Fiscal year 1985:
(A) New budget authority, $4,700,000,000.
(B) Outlays, $4,100,000,000.
(16) General Purpose Fiscal Assistance (850):
Fiscal year 1982:
(A) New budget authority, $6,400,000,000.
(B) Outlays, $6,300,000,000.
(C) New direct loan obligations, $200,000,000.
(D) New primary loan guarantee commitments, $800,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $6,600,000,000.

(B) Outlays, $6,200,000,000.

(C) New direct loan obligations, $200,000,000.

(D) New primary loan guarantee commitments, $0.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $6,700,000,000.

(B) Outlays, $6,200,000,000.

Fiscal year 1985:

(A) New budget authority, $6,900,000,000.

(B) Outlays, $6,300,000,000.

Mr. HELMS. Mr. President, let me say at the outset that I have nothing but the highest respect for Senator DOMENICI and all others who have worked so tirelessly on what has come to be known as the "compromise budget."

But the Senator from North Carolina very much feels that this compromise will not do the job that must be done if we are to turn the economy of this country around. All of us know what the problem is, we know the cause of the financial distress in this country. We have been talking about it for years and years, and doing little or nothing about it. We ran for the Senate on pledges that we would reduce spending and we would reduce taxes.

I have set here for hours this week and listened to the oratory about the various amendments to add billions of dollars in Federal spending. I have heard the suggestions that we drop the third year of the tax reduction. Both, combined, constitute precisely the wrong way to go in our efforts to turn the country around.

The PRESIDING OFFICER. The Senate will be in order. Those having conversations in the back please move to the cloakroom.

The Senator from North Carolina may proceed.

Mr. HELMS. I thank the Chair.

Mr. President, my amendment can be characterized, I suppose, as a "November amendment" because the vote on this amendment will provide an opportunity for Senators to go home and say, "I voted to reduce Federal taxes" and "I voted to cut Federal spending." This amendment will give us the opportunity to see where Senators stand on these issues.

My amendment would strike $101.2 billion in additional tax increases proposed by the pending resolution and would replace those taxes with pro rata reductions in nondefense spending.

Mr. HOLLINGS. Mr. President, what did the distinguished Senator call the amendment? The Senator said he would characterize it——

Mr. HELMS. The November amendment.

Mr. HOLLINGS. What?

Mr. HELMS. November amendment.

Mr. HOLLINGS. November.

Mr. HELMS. I will explain what I meant. I heard two Senators from the side of the aisle of the able Senator from South Carolina going down the corridor, and that is precisely what they called their proposals—and we have been voting on them all week—to increase Federal spending. They were chuckling and said, "Boy, we have them on the spot. This is a November amendment." So I decided to offer a November amendment which will do something to help the American people, and help turn the economy around.

Under the committee's proposal, revenues would go up. In other words, taxes would increase by over a third of a trillion dollars over the next 3 years. The committee's 1985 revenue figure of $825 billion would be $202 billion in excess of the revenue number for 1982. The total amount by which taxes in 1983, 1984, and 1985 would exceed the tax level for 1982 would be a startling $365.2 billion.

Mr. President, this $365.2 billion committee-approved tax increase would be used to finance the most massive spending splurge in the history of this country. Under the committee's budget, spending in 1985 would be $148.5 billion more than spending in 1982. Total spending increases over 3 years would total $282.8 billion.

Those figures speak for themselves. In other words, the committee's budget would use $365.2 billion in tax increases to pay for $282.8 billion in spending increases.

I do not know that any poll has been taken on this subject among the American people, but I expect that the people would indicate that this is not their idea of fiscally responsible budgeting. And they would be right.

In fact, if this level of tax increases were to continue indefinitely, the total tax burden imposed by the Federal budget could be larger than the gross national product as early as the year 2018, assuming a continuation of the most recent patterns of growth and inflation.

Mr. President, before anyone suggests that this is an "impossible" amendment, that it is too harsh, let me emphasize that even under this amendment, taxes and spending would continue to increase. But they would increase at a slower rate than is envisioned by the committee's target. Although the amendment would curb the enormous increase in taxes envisioned by the pending legislation, it would not result in reduction in taxes or spending. Rather, taxes would continue to climb to a 1985 level which would be $159 billion above the 1982 revenue figure, and my amendment permits that.

Revenues for 1983, 1984, and 1985 would be a total of $264 billion in excess of the 1982 figure.

In other words, even under my amendment, the American taxpayer would suffer from a $264 billion tax increase.

Mr. President, allow me to digress for a moment to ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Similarly, even under my amendment, spending over the next 3 years would rise a total of $181.6 billion above what it would be if it remained at the 1982 level.

Mr. President, a recent study by economist Jude Wanniski for Polyconomics, Inc., addresses itself to the myth that it is possible to tax our way out of a recession.

"In 1932," notes Wanniski, "Herbert Hoover pushed through an enormous tax increase with the help of the Democrats at a time of 15 percent unemployment. The hike was to have increased projected revenues by one-third and balanced the budget. Of course, it merely lengthened unemployment lines and ballooned the Federal deficit."

Mr. President, Mr. Hoover created impetus for his proposition to increase taxes in order to eliminate the deficit in his State of the Union speech on December 8, 1931. At that time, in tones similar to those we are hearing on this floor today, and which are in the committee report, President Hoover said:

> Our first step toward recovery is to reestablish confidence and thus restore the flow of credit which is the very basis of our economic life . . .
>
> Even with increased taxation, the Government will reach the utmost safe limit of its borrowing capacity by the expenditures for which we are already obligated and the recommendations here proposed.

Herbert Stein, in his book "The Fiscal Revolution in America," analyzes the Hoover proposal from a historical perspective, saying:

> Once the President and his financial experts had said that balancing the budget was imperative, there were few, in the Congress or in the country, who would take the responsibility for denying it. . . . For the Democratic leadership in the Congress the President's tax proposal was an invitation either to take reasponsibility for a big deficit or to share responsibility for a big tax increase. Their riposte was to support the idea of a tax increase, thus aligning themselves with "sound finance," but to attack the particular tax increase the President proposed as a "rich man's tax bill," thus escaping the wrath of the majority of tax payers.

Of course, history is very clear about what happened when President Hoover applied this budget resolution strategy of raising taxes to balance the budget. Some of us in this Chamber are old enough to recall the Depression that ensued. Unemployment soared, and the increased taxes merely

served as an excuse to avoid putting the reins on Federal spending.

So it was that Hoovernomics, if we can have a play on words—the act of raising taxes in order to try to buy our way out of a recession—did not work for Herbert Hoover, and since we cannot repeal the laws of economics, it won't work now. I do not think that this so-called compromise budget resolution will work.

In any case, Mr. President, it took the first 183 years of this Nation's history—from 1789 to 1972—for the total tax burden of the United States to rise above the $202 billion level; and in 3 years, under the pending proposed budget resolution—under the committee's budget—total taxation will rise on an annual basis in an amount in excess of the rise during the entire first 182 years of this country.

To put it another way, it was not until 1972 that revenues were increased to the amount by which they would increase in 3 years under the committee's resolution.

Mr. President, deficits do matter. But in a budget with $365.2 billion in tax increases and $282.8 billion in spending increases, it is clear that it is through measures to control spending, rather than through measures to increase taxes, that this country must seek fiscal responsibility.

Mr. MOYNIHAN. Will the distinguished Senator yield for a question?

Mr. HELMS. I will be glad to yield on the distinguished Senator's time. I do not have the time.

Mr. MOYNIHAN. My question will be brief.

Did I correctly hear the Senator say that the figures in debt owing to deficit in the next 3 years will be the equal of the whole of the increase in the debt from the beginning of the Republic until the year 1972?

Mr. HELMS. No, the Senator did not hear that. I said increase in taxes.

Mr. MOYNIHAN. Will the Senator read the passage? It was not quite clear to my hearing.

Mr. HELMS. Does the able Senator want me to restate what I said?

Mr. MOYNIHAN. Will he be kind enough?

Mr. HELMS. We must do this on the time of the other side.

Mr. MOYNIHAN. Yes.

Mr. HELMS. My exact words, as I recall them, were: "It took the first 183 years of this Nation's history—from 1789 to 1972—for the total tax burden of the United States to rise above the $202 billion level."

Mr. MOYNIHAN. And then the next 3 years?

Mr. HELMS. In 3 years, under the committee's budget—talking about this budget resolution—total taxation would rise on an annual basis in an amount in excess of the rise during the entire first 182 years.

Mr. MOYNIHAN. I see, I thank the Senator. It was my not being attentive enough. What the Senator is saying is that the tax rise in the next 3 years will be the equal of the total finally reached in the period 1789 to 1972. At that point, the tax has reached $202 billion, and now, in 3 years, there will be that equivalent amount.

Mr. HELMS. That is correct.

Mr. MOYNIHAN. So you would have to give the gentleman opposite credit for having done in 3 years what their predecessors took almost two centuries to achieve.

I can only admire and envy the chairman of the Finance Committee at this time. [Laughter.]

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

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. If anyone wishes time to speak for or against the amendment we have time here.

Mr. DOLE. Mr. President, I shall take a minute or two.

Mr. DOMENICI. I yield 2 minutes to the distinguished Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, as I understand the amendment, and I have looked at the amendment which is some 20 pages in length, it will eliminate any revenue increases and would offset that lack of revenue by decreasing spending.

Is that in essence what it is?

Mr. HELMS. Pro rated.

Mr. DOLE. It was $101.2 billion?

Mr. HELMS. Yes.

Mr. DOLE. I feel constrained to oppose the amendment.

The Senator from Kansas had hoped that the Finance Committee would be addressing a number of areas on the revenue side that should be addressed whether or not we have a deficit or a surplus. We are discussing such things as tax compliance where we find an estimated $80 to $90 billion was not paid in taxes because people did not report or understated income, or overstated their exemptions and deductions. It has been estimated by the Internal Revenue Service we lost about $80 to $90 billion this year.

So one thing that the Finance Committee is focusing on is closing that gap. It is called the compliance gap. We would hope in the next 3 years, if in fact we enact those provisions, which the Senator from Kansas believes we will, to pick up $12 to $14 billion.

In addition, we hope to address what is known as safe harbor leasing, a little $30 billion item tucked away in the tax bill last year that has had some unintended consequences, as far as this Senator is concerned.

I know that not everyone wants to repeal safe harbor leasing and not everyone wants to modify safe harbor leasing, but the Senator from Kansas is going to try to modify safe harbor leasing.

In addition, there are other areas the Senator from Kansas believes we should address from the standpoint of equity and from the standpoint of fairness in the system. We have a voluntary system in this country and—but it has been estimated that 5 million Americans did not file income tax reports last year for various reasons. This Senator thinks one reason is they do not believe the system is fair; they believe that too many people in the upper-middle-income and upper-income brackets shelter their income so that they pay for lower tax rates than the working men and women pay. For the working men and women in this country, 99 percent of their taxes are withheld from their wages, so they are at the top as far as compliance is concerned.

The Senator from Kansas also believes that upper-income individuals should pay a minimum tax. They should pay something. Everyone has an obligation to contribute to economic recovery, even the rich. That is true of corporations and true of individuals.

So we are looking at a minimum tax in those areas.

So for that reason, while it would seem to me that the Senator from North Carolina makes some valid points it may have the effect of undoing some of the areas which we should address in the Finance Committee.

So while I must oppose the amendment, I agree with the thrust of the amendment of the Senator from North Carolina. The American people are overtaxed. We are going to have to continue to do something about the tax burden. That is why we have a 3-year tax cut.

I hope we have a nice bipartisan vote later on today to keep the third year of the tax cut, as I believe we will have because there is no doubt about it: we need to reduce taxes.

So I commend the Senator from North Carolina for raising the issue, but I do believe that we go too far for some of the reasons just stated.

Mr. MOYNIHAN. Mr. President, will the distinguished chairman yield for a question?

Mr. DOLE. I yield.

Mr. MOYNIHAN. Is it not the case that the current resolution before us provides for approximately $102 billion in tax increases in the next 3 years?

Mr. DOLE. Yes, that is what the Senator from North Carolina would address. He would eliminate those and have $101.2 billion more in spending cuts.

Mr. MOYNIHAN. So we are going to have more taxes only of a different mix.

May I associate myself with many things the chairman said. But we are going to have more taxes.

Mr. DOLE. There is not much doubt about that. But certain people will have taxes to pay for the first time. That certainly will be more. Zero is zero and more is more than zero.

Mr. MOYNIHAN. That will be a novel experience for some of them. I wish to see an income class distribution.

Mr. DOLE. I might say to the Senator from New York, as we discovered last year in other legislation, that there are some people who may not pay tax for very good reasons.

Mr. MOYNIHAN. That is for what they certainly deem very good reasons.

Mr. DOLE. That is right. It may be they are providing jobs.

Mr. MOYNIHAN. I am sure this will be a disagreeable experience.

Mr. DOLE. And some find it disagreeable. Some of those are rather high income Americans or rather profitable corporations.

So it seems to the Senator from Kansas that we would not be able to pursue that course if in fact the amendment of the Senator from North Carolina were adopted.

In addition, the Senator from Kansas does not believe that we can reduce spending by $101.2 billion beyond the cuts already made.

Mr. DOMENICI and Mr. SYMMS addressed the Chair.

The PRESIDING OFFICER. The Senator From New Mexico.

Mr. DOMENICI. Mr. President, I am going to yield shortly, but first I am going to yield myself 5 minutes off the resolution.

Let me say to Senator HELMS that I cannot vote for his amendment, but I asked the staff to do a little figuring here. We are going to have it ready in a minute, It is going to point up something very dramatic. It is impossible for the Senator's amendment to become a reality, therefore, I do not think I can support it, and I hope a lot of other Senators do not.

But let me make a point. I heard a Senator in responding to our majority leader say that there was going to be an amendment to repeal safe harbor leasing. I have been for repealing that or modifying it for months. But I really hope we do not spend the remainder of tonight and all day tomorrow trying to fool anyone that we stand here on this resolution to repeal the safe harbor leasing tax law.

At this time, the resolution provides for $101 billion of tax increases, and the Finance Committee will have to decide how to do that. Repeal of safe harbor leasing may very well be part of that $101 billion.

When someone comes down now and says, "I am going to get rid of safe harbor leasing," all they are doing is saying we are going to raise more taxes because all we can do is add more dollars in taxes to the resolution.

If we are going to do that on that issue, and it is going to be reported, and everybody thinks that is the issue, then every Senator could raise a tax amendment and say, "I am bringing every tax issue here and I am going to vote on it even though it does not mean anything." All these amendments do is to affect the level of taxation in this resolution. They cannot affect the Tax Code directly.

Having said that, I asked my staff to do the following: to exclude interest from the national budget as well as offsetting receipts and defense. I understand that is what the Senator would exclude.

Mr. HELMS. That is right.

Mr. DOMENICI. At first I sent them to do this because I thought this would prove that it is impossible to accomplish what the Senator said.

But let me tell you what the number revealed. They revealed that if we cut the budget across the board by 6½ percent, I am sure there are people around who assumed that the cut would have to be 15 or 20 percent.

I do not want anyone to think that a 6½-percent cut is very easy, because that assumes cuts in all the rest of the budget such as social security, veterans' pensions, railroad retirement, medicare, medicaid, and all appropriated accounts.

Some of those we appropriate each year, but others grow automatically. Some grow with the CPI each year. Some, such as medicare, grow depending upon how much doctors, hospitals, drugs, nursing homes cost the people entitled to the benefits.

Mr. HELMS. May I ask a question so that I can follow the Senator's line of reasoning?

Mr. DOMENICI. Sure.

Mr. HELMS. Is the Senator talking about the baseline or the 1982 level or what?

Mr. DOMENICI. I am talking about the recommended budget. That was what I thought the Senator was talking about.

Mr. HELMS. I am. But from which one of these does the Senator draw his conclusion?

Mr. DOMENICI. It is a 6½-percent cut.

Mr. HELMS. On what?

Mr. DOMENICI. In the budget as proposed, excluding defense, interest, and offsetting receipts.

I know it bothers the Senator that he thinks that is an awful thing, 6½ percent, but actually I think it is rather dramatic that this figure is no more than it is. This amendment would literally take the $101 billion that we have in tax increases and take that same amount out of the budget.

Mr. HELMS. I will respond on my own time, but let me point out that my amendment permits a $264 billion increase in taxes and a $181.6 billion increase in spending. So let us not get confused about whether we are talking about increases—or increases on increases. So it is important whether we talk about baseline——

Mr. DOMENICI. Tax growth?

Mr. HELMS. Yes.

Mr. DOMENICI. I do not have any argument with that. There is some tax growth.

Mr. HELMS. Over the 1982 level.

I apologize to my friend for interrupting.

Mr. DOMENICI. I do not know where the Senator got that. Is it based on new economics or based on economics of this budget resolution?

Mr. HELMS. Based on the obvious arithmetic dealing with figures furnished by the Senator's own committee.

Mr. DOMENICI. So the tax base would be growing; I do not argue with that. But I think it does point up something very good, something very salutary, that this budget is growing very fast on the expenditure side. I surmise that that is really the purpose of this amendment, to show that the expenditure side of the budget is growing very, very fast.

On the other hand, a 6½-percent cut does not sound so big, but let me repeat that this would include entitlements and social security, the big one we had an argument about recently, and all the other pensions. So Senator, I cannot support your amendment because I do not think it could in any way be accomplished. You would have to change many, many laws. Nobody would change them during the rest of this year. But I do think you have performed a very salutary service for us here today.

Mr. HELMS. I thank the Senator.

Mr. DOMENICI. Senator SYMMS wanted to speak.

Mr. SYMMS. Mr. President, will the Senator yield to me?

Mr. DOMENICI. I would be pleased to yield 5 minutes.

Mr. SYMMS. I wanted to engage the Senator from North Carolina in colloquy. First, I support the amendment. I would say, Mr. President, that there would only probably be about 100 million Americans who file tax returns who would also support the amendment if they analyzed the Federal budget.

Mr. HELMS. I would think so, I say to my friend.

Mr. SYMMS. It is just that in this time and in the world in which we live, it appears that the Washington Post or other major news media are disseminating, and somehow setting the agenda and encouraging the situation where people think that some of these areas in the budget are untouchable.

As a consequence, we probably do not have enough votes, I am afraid to say, to pass this amendment.

Mr. HELMS. We will see. I suspect the Senator may be correct—and it is sad for the country.

Mr. SYMMS. We will see.

The Senator mentioned that it is a November amendment. I wish it were a May—what is this, the May 20 amendment—that would pass today, because, in my opinion, I would just say that I would like to relate a story of what has happened in my State.

Idaho is a State that has a real recession taking place. We are a timber-producing State, an agricultural State, a mining State in which all of those areas are in a decline, as the Senator knows. They are all interest rate-sensitive economies.

Then on top of that the housing industry, the homebuilding industry, is slow, as it is in all the rest of the country, so the State has some areas, some counties, with 30 percent unemployment because of the numbers of people who are laid off in mines, smelters, sawmills, and working in the woods.

As a result, State revenues are down, and the State of Idaho found itself in a situation where they had a shortfall to finish out the fiscal year which ends June 30.

There is an election going on in that State, too, and we have a Democratic Governor in the State. There are two challengers, who happen to be, one, the speaker of the house, a Republican, and the Lieutenant Governor, a Republican.

They all agreed, because the State had a shortfall, that rather than raise taxes they should cut everyone's salary who works for the State of Idaho by 20 percent until now and the first of July, when the fiscal year ends.

I am not sure that it sat real well with all the State employees, who got a 20-percent reduction in their wages for the next 6 weeks, but they did get a day off a week to offset for it, so they could at least have leisure time in lieu of the money they would have earned otherwise.

Everyone else in the State is very happy with it, and I think that is all we would have to do here. Some people will say this is unrealistic. One of my colleagues just said to me he could not vote for it because it was unrealistic.

It has been unrealistic suggestions like the one the Senator from North Carolina is offering this afternoon, which have been turned down for the last 20 years, that have caused us to have a $1 trillion debt, and if we look at which we have projected from the Budget Committee—and I think all Members would be advised to notice it—we are talking about having $1,532 billion worth of national debt by the fiscal year 1985.

If we believe that the United States of America was built on the theory of supply side economics, where you allowed people to be rewarded and to have incentives for working, producing savings, investing, then the impact of the Senator's amendment might have a double-barreled influence.

You would not only save on the negative aspects of raising taxes, and this is the worst time in our history to raise taxes, but you would have the impact of reducing Government expenditures and freeing those dollars to be spent in the private sector for something worthwhile and productive.

So it may sound too complex and too complicated, but I believe in the long run, and even in the short run, those people who would have to have the reductions in their benefits or slowing down in increased benefits or however it worked out in the formulas, whether it is 5 percent, 6 percent, or whatever, would be well served by this amendment because the Senator from North Carolina has offered a very beneficial amendment. I would ask the Senator a question. What is the percentage of taxes and Government spending of the gross national product today in the United States, 24 percent, 25 percent?

Mr. HELMS. Between 22 and 23 percent.

Mr. SYMMS. I heard a figure floated, and the senior Senator from Idaho says 24 percent, 23 percent, an alltime high Federal spending in our history.

Some people come around and say, "Well, this economic program is not working." But I do not believe that the people in the fall of 1980 who voted for a dramatic change in direction thought that what they were really going to get was spending at an alltime high. They voted hoping they were going to have what? Less taxes, less spending, less Government. That is what I thought most people voted for.

The Senator from North Carolina is offering an amendment that would achieve what I think the American people thought they were voting for on November 4, 1980. I think it is not only a November amendment for this coming November but it is a November amendment for the past November of 1980. It expresses what the taxpayers, the voters, the working Americans who are out there right now struggling to raise their families and feed their children and educate their children thought they were getting, and I think we should vote for this amendment and send it over to the other body and see what happens, and we might be amazed. The support for this would be overwhelming from the American people.

Mr. HELMS. If the Senator will yield, I do not believe that the majority of the taxpayers will be impressed with the observations that a 6½-percent reduction, in view of a $282.2 billion increase, is impossible.

Let me make two points very quickly. One is that when I referred to the November amendment, I was reacting in good nature to a comment that I heard from two of our colleagues who had been offering amendments. They said, "We will see how this sits in November. This is a November amendment." Of course, proposals have been made here yesterday and today to raise Federal spending. So I just thought I myself would offer a little November amendment myself—one to cut both taxes and spending—and let the American taxpayers who go to the polls in November make a judgment on it.

But we must not overlook that, even with my amendment, spending over the next 3 years will rise a total of $181.6 billion above what it would be if it remained at 1982 levels.

The PRESIDING OFFICER. The time of the opponents has expired and the Senator has 2 minutes remaining.

Mr. HELMS. Mr. President, has all time expired?

The PRESIDING OFFICER. The opponents' time has expired.

Mr. HELMS. Mr. President, I see no point in prolonging this. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina (Mr. HELMS). The yeas and nays have been ordered, and the clerk will call the roll.

The result was announced—yeas 17, nays 83, as follows:

[Rollcall Vote No. 131 Leg.]

YEAS—17

Armstrong	Helms	Nickles
D'Amato	Humphrey	Proxmire
Denton	Kasten	Symms
East	Mattingly	Thurmond
Goldwater	McClure	Zorinsky
Hayakawa	Murkowski	

NAYS—83

Abdnor	Eagleton	Melcher
Andrews	Exon	Metzenbaum
Baker	Ford	Mitchell
Baucus	Garn	Moynihan
Bentsen	Glenn	Nunn
Biden	Gorton	Packwood
Boren	Grassley	Pell
Boschwitz	Hart	Percy
Bradley	Hatch	Pressler
Brady	Hatfield	Pryor
Bumpers	Hawkins	Quayle
Burdick	Heflin	Randolph
Byrd, Harry F., Jr.	Heinz	Riegle
Byrd, Robert C.	Hollings	Roth
Cannon	Huddleston	Rudman
Chafee	Inouye	Sarbanes
Chiles	Jackson	Sasser
Cochran	Jepsen	Schmitt
Cohen	Johnston	Simpson
Cranston	Kassebaum	Specter
Danforth	Kennedy	Stafford
DeConcini	Laxalt	Stennis
Dixon	Leahy	Stevens
Dodd	Levin	Tower
Dole	Long	Tsongas
Domenici	Lugar	Wallop
Durenberger	Mathias	Warner
	Matsunaga	Weicker

So Mr. HELMS' amendment (UP No. 972) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. (Mr. D'AMATO). The Senate will come to order.

TIME LIMITATIONS ON CERTAIN AMENDMENTS

Mr. BAKER. Mr. President, I hope Senators will stay on the floor because I have a number of unanimous-consent requests in respect to time on remaining amendments that I would like to propound.

The following time limitations have been cleared, I believe, on both sides of the aisle. I wish to state them now for the consideration of all Senators.

On the DeConcini amendment dealing with waste, fraud, and abuse language, 30 minutes to be equally divided.

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

Mr. BAKER. On a DeConcini amendment dealing with increased benefits, 30 minutes equally divided.

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

Mr. BAKER. On a Moynihan amendment adding half of the dollars in the first Superfund amendment, 20 minutes equally divided.

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

Mr. BAKER. On a Moynihan amendment dealing with Postal Service, 20 minutes equally divided.

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

Mr. BAKER. On an Eagleton amendment dealing with indexing, 30 minutes equally divided.

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

Mr. BAKER. On a Sasser amendment dealing with railroad retirement, 60 minutes equally divided.

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

Mr. BAKER. On a Proxmire amendment dealing with credit budget, 60 minutes, equally divided.

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

Mr. BAKER. On a Robert C. Byrd amendment dealing with unemployment benefits, 30 minutes equally divided.

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

Mr. BAKER. On a Heflin amendment dealing with cancer, 20 minutes equally divided.

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

Mr. BAKER. On a Hawkins amendment dealing with COLA, 20 minutes equally divided.

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

Mr. BAKER. On a Mattingly amendment dealing with the sense of the Senate in respect to out-year tax increases, 20 minutes equally divided.

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

Mr. BAKER. Relating to the Chiles query, Mr. President, I have on my list these and other amendments. I have these on which no time agreements have been agreed to yet. I earnestly solicit some consideration by their authors. The first is a Chiles amendment dealing with increased veterans' benefits.

Mr. CHILES. I think 1½ hours equally divided will be sufficient.

Mr. BAKER. I make that request, Mr. President. Ninety minutes equally divided.

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

Mr. BAKER. On a Metzenbaum amendment to add language to deal with revenues, is the distinguished Senator from Ohio on the floor? He is not.

Mr. President, on a Hollings amendment dealing with the third year of the tax cut, could the distinguished Senator from South Carolina give me some idea of whether we can have a time agreement of less than the regular amount?

Mr. HOLLINGS. I could call it up right now, I think. I thought Senator BYRD was going to have it. We have too many cosponsors. We shall try to limit it. We are not trying to filibuster.

Mr. BAKER. I thank the Senator.

A Metzenbaum amendment deaiing with revenues.

A Hollings amendment dealing with WIC.

Mr. HOLLINGS. We can do that easily.

Mr. BAKER. Twenty minutes?

Mr. HOLLINGS. A half-hour.

Mr. BAKER. A half-hour, equally divided. Is that all right with the chairman of the committee?

Mr. DOMENICI. Yes, Mr. President.

Mr. BAKER. Mr. President, 30 minutes equally divided.

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

Mr. BAKER. On a Bradley amendment which is listed incorrectly on my list here as SPRO, I am told it is an amendment dealing with budget reporting. The Senator from New Jersey is agreeable to 1 hour equally divided. I make that request.

Mr. DOMENICI. Mr. President, I do not know what that is about.

Mr. BAKER. Is the Senator not prepared to agree to that yet?

Mr. DOMENICI. I am not prepared, Mr. President.

Mr. BAKER. I withdraw that request unitil the Senator from New Jersey and the chairman of the committee can consult.

Mr. President, on a Mattingly-Nickles amendment, 20 minutes equally divided. Is the chairman of the committee agreeable to that? Proposing a 2-percent cut in spending each year, 20 minutes equally divided?

Mr. DOMENICI. That is fine.

Mr. BAKER. Is that agreeable to the minority manager of the bill?

Mr. HOLLINGS. Yes, Mr. President.

Mr. BAKER. Mr. President, I make that request.

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

Mr. BAKER. Mr. President, on a Riegle amendment dealing with defense cuts, is the distinguished Senator from Michigan present? He is not.

Mr. President, on a Chiles amendment on law enforcement?

Mr. CHILES. One hour equally divided.

Mr. BAKER. I make that request, Mr. President.

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

Mr. BAKER. A Bumpers-Pell amendment dealing with safe harbor leasing?

Mr. BUMPERS. Mr. President, I shall agree to a 30-minute time limit on that on the condition that there is not a motion to table.

Mr. BAKER. I can agree to that. Is the distinguished chairman able to agree on a 30-minute time limitation equally divided with the understanding that there will not be a motion to table? Let me withhold that request until I can also consult with the chairman of the Committee on Finance.

Mr. BUMPERS. Mr. President, I do not want to speak for him, but I mentioned it a while ago and he said 30 minutes would be acceptable to him.

Mr. BAKER. I am agreeable to that. Is that agreeable with the chairman?

Mr. DOMENICI. Yes, that is fine.

Mr. BAKER. I make that request, Mr. President.

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

Mr. BAKER. Chiles amendment on reconciliation germaneness.

Mr. CHILES. Forty minutes equally divided.

Mr. BAKER. I make that request, Mr. President.

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

Mr. BAKER. On a Helms amendment on tax increases, on a pro rata decrease in all nondefense expenditures. Thirty minutes equally divided? I make that request, Mr. President.

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

Mr. BAKER. Mr. President, a Helms amendment to reinstate defense spending pro rata. Thirty minutes equally divided, Mr. President.

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

Mr. BAKER. Mr. President, a Mathias amendment dealing with the third year of the tax cut. I do not see the Senator from Maryland on the floor.

A Chafee amendment—yes, the Mathias amendment on the third year of the tax cut. Would the Senator take a shorter time limitation?

Mr. DOMENICI. It is the same.

Mr. HOLLINGS. It is the same one.

Mr. BAKER. It is the same one.

Mr. HOLLINGS. Yes, same amendment, bipartisan.

Mr. BAKER. What?

Mr. HOLLINGS. Bipartisan.

Mr. BAKER. I admire that.

Mr. President, a Chafee amendment dealing with increased funding for maternal and child health care.

The Senator from Rhode Island appears not to be on the floor as well.

That is good progress, Mr. President.

Mr. JOHNSTON. Mr. President, will the majority leader yield?

Mr. BAKER. Yes, I yield.

Mr. JOHNSTON. Is it possible to stack any of these votes?

Mr. BAKER. It may be later, but let me explore that, I may say to my friend from Louisiana.

Mr. GOLDWATER addressed the Chair.

Mr. HARRY F. BYRD, JR. addressed the Chair.

Mr. BAKER. Let me yield first to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I may have an amendment. I am not certain. I would agree to 20 minutes on my side and leave it open-ended on your side. Then the majority leader can decide, because I cannot tell him what the amendment will be because I do not know myself.

Mr. BAKER. All right, Mr. President, I appreciate that offer. May I withhold making the request until I have a chance to talk to the chairman of the committee.

Mr. RANDOLPH. Mr. President, will the able majority leader yield to me?

Mr. BAKER. Yes, I yield to the Senator from West Virginia.

Mr. RANDOLPH. I listened, but I was not certain what the total is of the time that has been allocated.

Mr. BAKER. Mr. President, there are 26 amendments, and we have time limitations now on perhaps 21 of them. I have not yet totaled up the time, but it is a long time.

May I inquire of the Chair how much time remains on the resolution?

The PRESIDING OFFICER. Thirteen hours and 47 minutes time remains.

Mr. BAKER. I thank the Chair.

I say to my friend from West Virginia that I will total this and I will be glad to speak with him as soon as I do.

Mr. GOLDWATER. Mr. President, will the majority leader yield?

Mr. BAKER. I yield to the Senator from Arizona.

Mr. GOLDWATER. Could the majority leader give a horseback guess as to how much time he has on that paper?

Mr. BAKER. All right. It looks like at least 8 hours.

Mr. GOLDWATER. At least.

Mr. BAKER. I am told that it totals approximately 10 hours. Of course, rollcall votes would be added to that, in the event rollcall votes are asked for.

Mr. President, may I say, while the subject has been brought up by my friend from Arizona, it has got to be very late. It is going to be very difficult to finish this by tomorrow. I urge Senators to consider that rollcall votes are not necessary on every amendment, and I urge Senators to consider that perhaps all of these amendments need not be offered. Some of them maybe could be dealt with by colloquy, even by assurances, explanations by chairmen of the committees and the ranking members. But we are going to be here until the wee, small hours the way this thing stacks up, and maybe even tomorrow as well. But I will continue to try to get a statement to the Senator from Arizona and others on the agenda for the balance of this day.

Mr. GOLDWATER. I just wonder if the majority leader could not say let us stay here and finish the bill, even if it takes all night, and let the Democrats stay here.

Mr. BAKER. Mr. President, I have already announced that it is my intention to ask the Senate to finish this resolution this weekend. I do not want it to go over until Monday.

Mr. GOLDWATER. How about tonight, Mr. Leader?

Mr. BAKER. We will use as much of tonight as we must in order to accomplish that.

I would like to stop short of saying we will be in all night, because I think we can do it in a shorter time than that. But I am willing to stay as long as my friend from Arizona, and that may be all night.

Mr. GOLDWATER. I have nothing to do.

Mr. BAKER. I yield to the Senator from Massachusetts.

Mr. TSONGAS. I wonder whether both cloakrooms would inquire of the various Senators as to who has not made up their minds on the various amendments and who would be open to debate and then take those results and deal with the time remaining.

Mr. BAKER. I have a better idea. I wonder if I could get both cloakrooms to inquire about the position of Senators, let me match it up, and announce the result.

Mr. TSONGAS. I move that request.

Mr. BAKER. I thank the Senator.

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

Mr. BAKER. Yes, I yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I was just thinking, there are probably a good many Senators who would like to be on record on these various amendments, but it really would not be necessary to have a rollcall. They could place in the RECORD their position, and that would save a lot of time.

Mr. BAKER. I am most grateful to the President pro tempore, and I agree absolutely with his admonition to Members and I join him in that fervent request, that we reduce the necessity for rollcalls from time to time.

Mr. BUMPERS. Mr. President, is the leader possibly ready to go to 10-minute rollcalls yet?

Mr. BAKER. No. I would like to do that, but I think that the chances that we have Members scattered about as we get later in the day would perhaps work an inconvenience on them. But if we can, I certainly will do that later in the day.

Mr. President, I thank the chairman for yielding and the distinguished ranking minority member. I think we have accomplished a great deal in these time limitations, and we will try to proceed as promptly as possible.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I understand that it is Democrat amendment time, and the distinguished ranking minority member has an amendment he is going to offer.

UP AMENDMENT NO. 973

(Purpose: To reduce the deficits to $107.9 billion in 1983, $58.4 billion in 1984, and $28.5 billion in 1985, by eliminating the July 1983 tax cut)

Mr. HOLLINGS. Mr. President, I send an amendment to the desk and ask the clerk to report.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS), for himself, Mr. JOHNSTON, Mr. EXON, Mr. HART, Mr. BIDEN, Mr. EAGLETON, Mr. BUMPERS, Mr. CRANSTON, Mr. MATHIAS, Mr. WEICKER, Mr. CANNON, and Mr. BRADLEY, proposes an unprinted amendment numbered 973.

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

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

The amendment is as follows:

On page 2, strike lines 7, 8, and 9, and insert:

"Fiscal year 1983: $675,700,000,000.

"Fiscal year 1984: $773,900,000,000.

"Fiscal year 1985: $860,900,000,000."

On page 2, strike lines 12, 13, and 14, and insert:

"Fiscal year 1983: $30,700,000,000.

"Fiscal year 1984: $71,900,000,000.

"Fiscal year 1985: $80,900,000,000."

On page 2, strike lines 18, 19, and 20, and insert:

"Fiscal year 1983: $835,303,700,000.

"Fiscal year 1984: $897,006,200,000.
"Fiscal year 1985: $972,808,700,000."
On page 2, strike lines 24, 25, and insert:
"Fiscal year 1983: $783,603,700,000.
"Fiscal year 1984: $832,306,200,000."
On page 3, strike line 1, and insert:
"Fiscal year 1985: $889,408,700,000."
On page 3, strike lines 6, 7, and 8, and insert:
"Fiscal year 1983: $107,903,700,000.
"Fiscal year 1984: $58,406,200,000.
"Fiscal year 1985: $28,508,700,000."
On page 3, strike lines 12, 13, and 14, and insert:
"Fiscal year 1983: $1,284,503,700,000.
"Fiscal year 1984: $1,386,906,200,000.
"Fiscal year 1985: $1,496,908,700,000.
On page 3, strike lines 19, 20, and 21, and insert:
"Fiscal year 1983: $140,303,700,000.
"Fiscal year 1984: $102,406,200,000.
"Fiscal year 1985: $110,008,700,000.
On page 30, strike lines 23, 24, and 25, and insert: "ficient to increase revenues as follows: $30,700,000,000 in fiscal year 1983; $71,900,000,000 in fiscal year 1984; and $80,900,000,000 in fiscal year 1985."
On page 31, strike lines 23, 24, and insert: "$30,700,000,000 in fiscal year 1983; $71,900,000,000 in fiscal year 1984; and $80,900,000,000 in fiscal year 1985."

Mr. HOLLINGS. Mr. President, what this amendment does is to take the resulting product of the work done on the other side of the aisle, the present first budget resolution, and to that we add the revenues that result from eliminating the third year personal tax cut from the Economic Recovery Tax Act of 1981.

In other words, if we cancel the July 1983 10 percent across-the-board individual income tax reduction, then we pick up $7.5 billion in fiscal year 1983, $32.9 billion in fiscal year 1984, and $35.9 billion in fiscal year 1985.

That would then reduce the deficits, Mr. President, for 1983 to $107.9 billion, $58.4 billion in 1984, and for 1985 a deficit of $28.5 billion.

I have grave misgiving about the present work product that we are now calling a budget resolution. It amounts to a compilation of figures that is only a vehicle to get the resolution out and over to the House side. It does not do the job. It is not taken seriously as an effort to really reduce the deficits and thereby reduce interest rates.

We were a bipartisan group in the Senate Budget Committee for most of this particular year, and last year, but it has broken down the last few weeks. After President Reagan realized that some adjustment in his program was necessary, when this monstrous program of revenue hemorrhage ruptured into the economy in August of last year, the President himself on September 27 on national TV asked for an adjustment that included tax increases.

The distinguished Senator from Idaho, I notice, had a letter—I just received note of it a minute ago—that my particular amendment amounts to a tax increase. No one should be fooled that it is a tax increase.

What I intended to do when I first started at the beginning of the year was not increase or decrease taxes, and my intent by this amendment is to insure that we do not further decrease revenues and then go to the open market and borrow the funds at a 14.5 percent interest rate.

That is exactly what occurs because we do not have the revenues; we do not have the taxes. That is what occurs here beginning this July. This July is really too late. I wish my amendment could have been effective before then.

The President thought we should have done something about it last September. The fact is that we did work as a bipartisan group all last fall, until the November Atlantic Monthly article got our chief witness, the Director of the Office of Management and Budget, in dutch. The President and the White House crowd got all out of sorts and they said, "Well, the President had not really submitted his budget. This was just a Carter budget. Let us cut what we can." And we did. We cut some $4 billion and then went home for Christmas. The rest is history.

The President has now submitted his budget for fiscal year 1983, and that budget has been voted down by every Democrat and by every Republican on the Budget Committee.

Thereupon, I noted a desperate effort being made to bring some budget document to the floor. We Democrats were then more or less shunted aside. I am told that this budget proposal was written in the office of the distinguished leader, with counsel from Stockman and the rest of that crowd. In any event, while it got a budget resolution out of committee, it did not last long, and now we have the present document. None of the 535 Members of Congress would come out with a similar budget.

On the other hand, it should also be realized that the task is not easy. No one is debunking the effort made to prove a budget. It is not easy. Any time you are looking for $425 billion, you really have a very difficult task. It has been my position that it is an impossible task.

What you need in order to coagulate a consensus is the Office of the Presidency to appear nationally to describe the dilemma and say, "Here are the things that must be done." A consensus of the body politic would then get behind us, as they did with the President's program last year.

The President came with the consensus, and we did dramatic things. We cut spending some $35.7 billion, almost $40 billion. We cut regulations, we increased defense, and we cut spending. We cut taxes. But that tax cut grew and grew and grew, and it practically burst the economy, losing some $750 billion between fiscal years 1982-86. There was also the indexation of the tax code but not the de-indexation of spending programs. It was a one-third indexation move that left all the spending increases going out willy-nilly and then indexing the Internal Revenue Code by reducing taxes in accordance with increases in the consumer price index thus losing billons and billions of dollars of revenues. The business community was rewarded for their consensus, their election of President Reagan in 1980, their program of supply-side tax cuts and depreciation allowances, investment tax credits, and so forth, commencing in January, over 1 year ago.

It left the business community, having accomplished what they had hoped for, actually stymied because they realized that they could not raise capital with these high-interest rates. They looked at the projected deficits that are now, by the President's own figures, at $182 billion for next year, $220 billion for the ensuing year, 1984, and $240 billion for 1985.

They said, "Something has to give. We cannot afford to make this particular investment at prime, or one point above prime, and be caught later by 20 or 25 percent interest rates. Something must have happened. We have to get Congress to its senses."

Instead of the dramatic, promised increases in economic growth—and we had been told in May, just 1 year ago, that we would have nothing less than 4.2 percent real growth in the last quarter of 1981 and 4.2 percent positive growth rate in 1982—we had a decline of 4.5 percent in the last quarter, and another decline of 4.3 percent in the first quarter of 1982.

The Department of Commerce announced, after a survey of the business community, that there would be less investment under Reaganomics in 1982 than in 1981—a very sad, sad commentary. In addition the economy has had some 500 bankruptcies per week. And the farm community is actually having to pay out in interest cost in excess of net farm income.

So we have a disastrous situation. We have to take the situation and make the best of it.

When the majority revealed this budget document yesterday, it was quite obvious to me that they were coming back into reality. I had learned the hard way that you could not cut social security. You could not even talk about it. And certainly you could not get the votes against social security.

So the $40 billion credit had to go out; and I, as a budgeteer, was looking for where they were going to find that $40 billion. I played that game all year long: Find $40 billion here, $20 billion here, $30 billion there. Where do you find the big increments to make a budget?

They did not find the $40 billion. In fact, they made some adjustments and came back with deferrals, listing an overall net increase of some $56 billion, not just $40 billion, and then spaced out the particular figures, leaving a $64.4 billion deficit for 1985.

The business community looks at certain things such as managemnt initiatives, and they discover the savings. Then the deficit is not $65 billion but nearer $85 billion.

So, having been in New York and having listened to what the financial experts say, you have to bring that deficit down in order to make the program work. I believe in education and title I for the disadvantaged, and I know how it hurt many here to vote against those problems. The work has been done and the votes are there for this budget as it now stands. If we could go just one step further and say, "Cancel out the 1983 10-percent tax cut," the message would go out to the financial markets, including Paul Volcker of the Federal Reserve, that Congress finally had become serious about the budget problem. We would pick up the revenues. We would have a product we could work with, and it would put us all on a path to Government in the black.

I do not want to say that they would dance in the streets, but they certainly would take heart. I said that all we need to do is to convince them that this is not the President's budget. It is a concurrent resolution of Congress, and the President of the United States does not sign it. But this budget would not ignore the President if we could pass it through this body. Rather than the President calling the business leadership and asking them why they are not investing and why they are not supporting his budget, on the contrary, the business leadership would be calling him and saying, "Stand pat. You finally have a solution, a chance for your Reaganomics to work."

I thought if we could get a bipartisan coalition, just by that one act alone, we really could come to grips with this particular problem.

Now, there are those who think differently. Let me deal with my own side in all candor. You can well imagine, and I am willing to debate that if they want to on my side, that some have seen that they have benefited politically since the chaos started last August. It is quite obvious that many, many were in deep, deep political trouble. Read last August's news and everyone was going to switch to the Republican Party. They had a list of names and they were cozying up. They had parties and there was glee on the White House lawn, in the Halls of Congress, happy days—in fact, they used the Democratic song "Happy Days Are Here Again."

Mr. President, some 9 months later Secretary Regan, their own chief economic spokesman, said the economy was dead in the water, and that is exactly where they are.

I have that school on my side of the aisle that says:

> For heaven's sake, Hollings, shut up, leave them dead in the water. We have a chance to take over this Senate. Do not bring order out of chaos; let the chaos continue.

That is not an absolute fanciful argument. I understand that. But I understand that as Senators all of us feel a responsibility to act responsibly. I really believe it as to my own side. I am not talking bipartisanship. I talk partisanship when I say I think the best politics is no politics. All of this shadowboxing is seen through by the social security recipient, in my judgment. All of this maneuvering around is seen through by all of the groups in our society.

I think the voters are being demeaned by the very idea that they do not know what is going on. I think they are going to measure us on just how we meet this particular responsibility.

If we have a chance, taking my own individual case, to repair the damage, get the deficits down and the interest rates down, and turn the economy around, get people employed, homes constructed, and automobiles purchased, then I think that we would get the credit for it. I would rather have that kind of credit than the discredit of just sitting by with simple amendments to add on here for veterans and there for education. I do not mind it. I have enjoyed it and I believe that they were very worthy amendments and I have voted with them.

But when we get down to the bottom line to just vote no and not provide some opportunity for some realistic budget to face up to this problem I do not think we should pass it by.

So I think if we can take this amendment and sweep aside all the charges and countercharges and provide a solution, then my individual politics would go along the line where the voter of South Carolina would say:

> Senator, we don't care that you didn't vote for the tax bill last year, and therefore don't take the responsibility; you still have a responsibility to offer a credible comprehensive solution and back it and support it and help turn this economy around.

So on that basis, I answer those who intimated that what we should do is not have any budget at all, any budget proposal. I have one. I have mailed it around to my colleagues, but I would withhold my own budget proposal and go along with the Republican budget, save this one amendment, and do so in a bipartisan fashion because this does practically what my budget proposal would do. Someone would then charge from the other side of the aisle about the revenue figures.

Let us talk revenues just a minute because I am glad the distinguished Senator from Washington now is handling the resolution on the other side of the aisle for the majority.

Last February we were all serious, but the discipline has broken down. It is chaotic. The news media cannot keep track as to who has which budget. Like they say aboard ship in the Navy, as the distinguished Senator knows, "When in danger, when in doubt, run in circles, scream and shout,"—they say, "Grab up a budget, put it in, call a news conference; everyone has a budget."

But we had that discipline going and it worked into an effective exercise, I thought for a good while, there at the White House and even before in February, March, the early part of April. The Senator from Washington, Senator GORTON, came up with a revenue figure. He was saying what we need is $195 billion. Someone is going to come and say that we have a tax increase of $100 billion and you are going to add another $76 billion. Some will add it up to $176 billion or want to put in big user charges to reach $183 billion. That is still less than what I thought was originally necessary and in my proposal in the budget resolution I was thinking around $200 billion.

The distinguished Senator from Washington here was thinking of $195 billion. The distinguished chairman of the committee was thinking of $125 billion, without eliminating the third-year tax reduction measure. So, he thought we could get $125 billion, without the third year or disturbing the President, because he had been loyal to this Reaganomics program. So you add my proposal on to his. This is not a crazy, loony, or extreme measure whatsoever.

Where we are, and then I will yield for a time because I do not want to lose some of my good colleagues here who want to address this proposal, is in essence on top of a $750 billion revenue hemorrhage we have heaped a $1.6 trillion defense increase and then started indexing the tax system and then told Congress that now you have to come up with a balanced budget.

We heard the statements last year from the White House and from the Republican leadership and Congressman KEMP. He said "We do not worship at the shrine of the balance budget any more." In fact, the distinguished Congressman from New York said it just this past week in the RECORD that balanced budgets are not that important. Then they give you that economic double talk about the deficit only being a small percent of the GNP. We got run out of office in 1980 with that nonsense, I can tell you that.

Well, I would admonish them to learn some lessons from 1980. That is not going to sell. These deficits do count. Let me add here that when I

talk about these figures you could consider that the Senator from Minnesota (Mr. BOSCHWITZ) wanted to raise $124 billion. You could add the elimination of the third year of the tax cut to his amount.

I am in league here. I know there is bipartisan support to repair the Kemp-Roth damage done this economy. "It is the worst single thing that has ever occurred to our national economy," said former Republican Director of the Office of Management and Budget James Schlesinger, and I agree with him.

Now, with that in mind we realized that we could not touch defense. The distinguished Senator from Kansas made a good effort last night trying to get just 6 percent real growth. I tried to come across with 6 percent.

They will not give an inch on that. They want their money. They want their fire sales for airplanes. Excuse me, if I am going to get bipartisan support, a very good amendment that was passed on Boeing last week under the great, able leadership of the distinguished Senator from Washington.

Mr. DOMENICI. The junior Senator.

Mr. HOLLINGS. Yes, junior Senator.

Well, he is a pretty senior Senator in your book and mine. We have watched him in the Budget Committee, and we do not have a better member.

But the fact remains if you cannot touch social security, and you cannot touch defense, you have got to go to the revenues, and that is really the culprit, make no mistake about it.

I started in February, and I did not come with any new taxes, save that $200 billion. I was freezing the entitlement increases, the defense increases, and the tax-spending increases. We were not increasing any taxes. We were just holding the line, if you please, at that particular point.

So what we are trying to do here now, if we can get folks to go along and vote this kind of approach, is to have a real amendment and a real budget document that can respond to the needs of the Nation.

There will be all kinds of other arguments. One that creeps in there is that somehow if you are not cutting taxes by law, taxes are being increased by inflation and the ratchet effect. Economically that is true. But, Mr. President, that is only half the picture.

We are losing for every percent of unemployment above $25 billion. And you get your unemployment increase from a recession. By the way, whose recession is it? They double-talk you on that. I do not want to lose this particular thought, and I will come back to that in a minute. I have heard the statement made just casually, that Carter raised taxes by $300 billion during his administration. You know I have been here 16 years and we had one surtax, as I remember it, back in the late days of 1968 under President Lyndon Johnson. Then in addition I voted to balance the social security budget. Now those are tax increases. But other than that, for 20 or more years we have not had tax increases at the Federal level. We have had increased revenues from inflation. But, Mr. President, we have had decreased revenues from the lack of economic growth. Therein is your $182 billion deficit. You know how?

Instead of the positive growth rate in the economy, you have the economy in a decline and there is the loss in revenues that you want to call a tax cut. You have had in addition to the $750 billion tax cut another $100 billion you have gotten on here from recession that has caused this deficit to go up. So let us not get into econometric monkeyshines that taxes are being increased without noticing the loss of taxes as a result of the economic decline.

Soon we will hear how this program—I can see the Senator from Delaware with his Kemp-Roth—got the inflation rate down. Well, if you have got the inflation rate down, is it the Carter recession that brought it down?

Mr. DOLE. Mr. President, if the Senator will yield, it is the Roth-Kemp.

Mr. HOLLINGS. I apologize. Roth-Kemp. Earlier he wanted it known as Kemp-Kemp. [Laughter.]

The deficit-caused recession—if anybody thinks this is a Carter recession, then that is the recession that brought the inflation rate down, and all of you Republicans write him a thank-you note, will you? All of you who really believe that it is the Carter recession that brought the inflation rate down, do that because it is the Carter recession, write him a thank-you note down in Plains. He would be delighted to hear from you.

But if you want to get to the truth of the matter, it is the Kemp-Roth recession with the high deficit, and I will give you the credit. You have wrung us out. You have—Roth-Kemp, excuse me, the Roth-Kemp—you have got us all on unemployment, you have got more money coming in here for unemployment compensation, more money for food stamps, more money for medicare. You are increasing under Kemp-Roth the size of Government. I dare you to take the size of Government under Jimmy Earl Carter and take the size of Government under Kemp-Roth and see which is the bigger. You got it last year and you got bigger Government. You got your program and you got bigger Government, and you cannot deny it. It is wrecking the country.

What we have got to do is to come to our senses and move forward and let us repair this damage and quit going out and borrowing money.

Oh, yes, the middle class. I never understood why 5-percent did not get to the middle class, the 5 percent cut we gave in October. That was across the board. I thought that got to the lower class, the middle class, and the upper class. Why is this 10 percent that you are going to give out here in about 5 weeks going to the middle class?

I think it goes as 10 percent across the board. But they have some contorted rationale now that next year for the first time the middle class gets a tax cut. I heard that silly statement just yesterday saying, "You reduced the maximum tax rate from 70 to 50 percent. Now the rich have got theirs. Now the middle class comes to get theirs."

Well, that is cute monkeyshines. I did not reduce any of it. I voted against all of it. But the fact remains 10 percent across the board is across the board. I am not trying for the middle class or the upper class or the lower class or any kind of class legislation. I am trying for all classes, including the middle class, to give them a chance to breathe. All elements of our economy are suffering, and suffering badly, and if we only have our sensibilities about us and can get the vote on this particular amendment then we would have a budget we could go with, and I think you could get some real support. A consensus would develop in this country and we would really have movement and begin to turn America around again.

Let me yield to the distinguished cosponsor.

Mr. GORTON. Mr. President, will the Senator yield for just a moment?

Mr. HOLLINGS. Yes.

Mr. GORTON. The Senator from Iowa had asked for just 2 minutes because he needed to leave. Can I yield 2 minutes to the Senator from Iowa?

Mr. JEPSEN. Mr. President, before anyone in this body votes to change the personal income tax cut enacted last year as part of the Economic Recovery Tax Act in any way, I just want everyone to understand clearly that they are voting for a tax increase. You should not delude yourselves into believing that eliminating the third year of the personal tax cut or even delaying its implementation constitutes anything but a tax increase.

There is a view, which is common in this body and elsewhere, that elimination or delay of the tax cut merely constitutes a give back of a gift which the taxpayer had no right to expect anyway, and therefore it is a costless operation. Well it is only costless if you assume that taxes should have kept rising at a rapid rate, due to bracket creep and social security. The reality is that this tax cut, which some people believe is responsible for large deficits and, by implication, high interest rates, really did not cut taxes at

all; it just keeps them from rising. The figures speak for themselves.

At the end of my statement I will include tables prepared by the Treasury Department which compare the tax cut under ERTA to the social security tax increases and the tax increases due to bracket creep from 1980 through 1988. The results are shown for families of four earning $15,000, $20,000, $25,000, $30,000, and $40,000 in 1982. Each family is assumed to receive cost-of-living increases to keep real pre-tax income unchanged over the period.

Bracket creep due to inflation and payroll tax increases scheduled under the 1977 social security amendments wipe out most or all of the personal income tax reductions in the Economic Recovery Tax Act across a wide range of middle income families. Even the full 3 years of marginal tax rate reductions followed by indexing are not enough to provide meaningful tax relief.

For example, the $25,000 family experiences net tax increases of $253 and $139 in 1981 and 1982 over 1980 levels. The 1.25 percent tax rate reduction under the ERTA from 1981 (5 percent for the last 3 months of the year) is insufficient to offset bracket creep, let alone the combined effect of bracket creep and the 1981 payroll tax increase. (See table No. 1 and lines 4, 6, 7, 8, and 9 of table No. 4.) The 10-percent marginal rate reduction effective July 1, 1982, is just enough to offset bracket creep since 1980, lowering the real income tax by $3 (table No. 1). However, the 1981 and 1982 payroll tax increases produce a net tax hike in 1982.

From 1983 through 1985, the $25,000 family finally experiences net tax cuts of $34, $107, and $22. Only the third year of rate reduction, a 10-percent cut beginning on July 1, 1983, is large enough to cut taxes below 1980 levels. The third installment is in effect for only part of 1983, achieving full effect in 1984. Beginning in 1985, the income tax is indexed for inflation to offset further bracket creep. Nonetheless, the 1985 payroll tax increase reduces the tax cut from 1984 levels.

The 1986 payroll tax increase eliminates the last trace of tax reduction. After all of ERTA, the $25,000 family faces real net tax increases of $6 in 1986, $5 in 1987, and $4 in 1988, compared to 1980 levels. The 1986 payroll tax increase is the last major tax change prior to the payroll tax increase of 1990.

The $30,000 family is more fortunate than the $25,000 family. It too has 3 years of tax relief in 1983, 1984, and 1985. However, the 1985 and 1986 payroll tax increases do not quite eliminate the whole tax cut. The family saves $4 in 1986, $5 in 1987, and $6 in 1988.

The other families are not so fortunate. The $20,000 family has only 1 year of net tax cut, $34 in 1984, followed by net tax increases rising from $40 to $72 between 1985 and 1988. The hardest hit are the low income $15,000 family and the upper middle income $40,000 family. Neither has even 1 year of net tax reduction.

The $15,000 family is hit harder than the others by bracket creep, and harder than most by the payroll tax increases. Consequently, the best that ERTA can do for the $15,000 family is to limit the 1984 tax burden to $32 above the 1980 level after which the tax burden rises by $122 over the 1980 level by 1988.

The personal exemptions, $4,000 for a family of four, are a large percent of the $15,000 family's income. Failure to adjust the personal exemptions for inflation from 1980 to 1984 increases the percent of this family's income subject to tax more rapidly than for the other families. The $15,000 family faces the same percentage increases in the social security tax rate as the other families. However, the family's payroll taxes are relatively larger, compared to its income tax, than other families. Consequently, the dollar values of the payroll tax rate increases are relatively larger compared to the value of the income tax rate reductions it receives. The only consolation is that lower income individuals receive a higher level of social security benefits per dollar of covered earnings and a better "return" on their social security tax "contributions," than do other workers.

The $40,000 family is hardest hit by the social security tax increases. The problem lies with the rapid increases in the level of wages subject to the payroll tax. The maximum covered wage is $32,400 in 1982. It will rise to $46,200 in 1987 under scenario II-A of the trustees' report, and will approach $50,000 by 1988. The maximum covered wage is indexed to average wages in occupations covered by social security. It rises faster than inflation, reflecting productivity gains and rising real income as well as prices. Thus, it produces very rapid increases in the real payroll tax for workers whose incomes are above the maximum covered earnings. By 1988, the $40,000 family will see its payroll tax burden increase faster than inflation and faster than its income by more than $1,000 above inflation adjusted 1980 levels. There is no consolation on the social security benefit side. Higher income individuals receive a very low increase in social security benefits on additional covered earnings, and a low or negative "return" on their added tax "contributions."

The $40,000 family also has the largest tax burden as a percent of income and the largest bracket creep problem in dollar terms. The bracket creep and the payroll tax increase produced a $517 tax increase in 1981. In the best year, 1984, the tax burden will be $21 above 1980 levels, rising to $477 by 1988.

Bracket creep and payroll tax increases are great levelers. Measured against prior law, the proportional across-the-board tax cuts in ERTA are larger in dollar amount, but not in percentage terms, for upper income taxpayers who pay more tax. However, bracket creep and payroll tax increases also rise with income. The net tax changes in real terms from 1980 levels after bracket creep and inflation are remarkably similar across middle-income levels.

Without the third year and indexing, taxpayers would experience even larger real tax increases of substantial amounts over the decade, roughly equal to the increase in the bracket creep and social security figures between 1983 and 1988. Only the highest, six figure, income families would come out ahead, those who received major benefits from the reduction of the top tax bracket from 70 to 50 percent.

The Brodhead amendment to lower the top rate from 70 to 50 percent in 1 year was offered during the debate over ERTA by the Ways and Means majority and the Democratic leadership in hopes of dissuading the bipartisan coalition from pressing for the third year and indexing. The coalition insisted on the deeper middle bracket rate cuts, because middle-income families get no relief without them. That is as true now as last summer. The President's program is not just a rich man's tax bill. It will be, however, if the administration and Congress retroactively give in to last summer's Ways and Means alternative.

I ask unanimous consent to include the tables I referred to at this point in the RECORD.

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

TABLE 1.—NET TAX CUT AFTER BRACKET CREEP AND PAYROLL TAX INCREASES

[Net tax increase (+) or decrease (−) in current dollars]

1982 income	1981	1982	1983	1984	1985	1986	1987	1988
$15,000	145	88	56	32	90	111	116	122
$20,000	199	108	21	−34	40	65	68	72
$25,000	253	139	−34	−107	−22	6	5	4
$30,000	306	171	−49	−136	−37	−4	−5	−6
$40,000	517	318	52	21	180	266	373	477

TABLE 2.—FAMILY OF FOUR EARNING $15,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. Income	11,181	12,690	13,980	15,000	15,900	16,631	17,430	18,231	19,052	19,909
2. Tax under 1980 Code	704	913	1,092	1,233	1,358	1,468	1,597	1,727	1,860	1,998
3. Tax under current law	704	913	1,078	1,082	1,110	1,134	1,184	1,237	1,293	1,351
4. Tax "cut" (3–2); tax decrease (−)			−14	−151	−248	−334	−413	−490	−567	−647
5. Tax at 1980 percent of income (7.195)			1,006	1,079	1,144	1,197	1,254	1,312	1,371	1,432
6. Tax increase from bracket creep since 1980 (2–5)			86	154	214	271	343	415	489	566
7. Bracket creep less tax cut (6+4); net tax increase (+); net tax decrease (−)			72	3	−34	−63	−70	−75	−78	−81
8. Social security tax increase from 1980 rates			73	85	90	95	160	186	194	203
9. Net tax cut (−) or increase (+) after bracket creep and social security (7+8)			145	88	56	32	90	111	116	122

TABLE 3.—FAMILY OF FOUR EARNING $20,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. Income	14,907	16,920	18,640	20,000	21,200	22,175	23,240	24,309	25,403	26,546
2. Tax under 1980 Code	1,220	1,515	1,793	2,013	2,207	2,379	2,576	2,773	2,975	3,187
3. Tax under current law	1,220	1,515	1,771	1,785	1,799	1,826	1,908	1,994	2,084	2,178
4. Tax "cut" (3–2); tax decrease (−)			−22	−228	−408	−553	−668	−779	−891	−1,009
5. Tax at 1980 percent of income (8.954)			1,669	1,791	1,898	1,986	2,081	2,177	2,275	2,377
6. Tax increase from bracket creep since 1980 (2–5)			124	222	309	393	495	596	700	810
7. Bracket creep less tax cut (6+4); net tax increase (+); net tax decrease (−)			102	−6	−99	−160	−173	−183	−191	−199
8. Social security tax increase from 1980 rates			97	114	120	126	213	248	259	271
9. Net tax cut (−) or increase (+) after bracket creep and social security (7+8)			199	108	21	−34	40	65	68	72

TABLE 4.—FAMILY OF FOUR EARNING $25,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. Income	18,634	21,150	23,300	25,000	26,500	27,719	29,050	30,386	31,753	33,182
2. Tax under 1980 code	1,792	2,199	2,587	2,901	3,178	3,425	3,712	4,000	4,295	4,617
3. Tax under current law	1,792	2,199	2,555	2,596	2,569	2,617	2,731	2,855	2,982	3,116
4. Tax "Cut" (3–2) tax decrease (−)			−32	−305	−609	−808	−981	−1,145	−1,313	−1,501
5. Tax at 1980 percent of income (10.397)			2,423	2,599	2,755	2,882	3,020	3,159	3,301	3,450
6. Tax increase from bracket creep since 1980 (2–5)			164	302	423	543	692	841	994	1,167
7. Bracket creep less tax cut (6+4); net tax increase (+); net tax decrease (−)			132	−3	−186	−265	−289	−304	−319	−334
8. Social security tax increase from 1980 rates			121	142	152	158	267	310	324	338
9. Net tax cut (−) or increase (+) after bracket creep and social security (7+8)			253	139	−34	−107	−22	6	5	4

TABLE 5.—FAMILY OF FOUR EARNING $30,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. Income	22,361	25,380	27,960	30,000	31,800	33,263	34,859	36,463	38,104	39,819
2. Tax under 1980 code	2,413	2,971	3,477	3,917	4,305	4,637	5,030	5,425	5,830	6,260
3. Tax under current law	2,413	2,971	3,434	3,512	3,492	3,568	3,723	3,892	4,066	4,249
4. Tax "cut" (3–2) tax decrease (−)			−43	−405	−813	−1,069	−1,307	−1,533	−1,764	−2,011
5. Tax at 1980 percent of income (11.706)			3,273	3,512	3,723	3,894	4,081	4,268	4,460	4,661
6. Tax increase from bracket creep since 1980 (2–5)			204	405	582	743	949	1,157	1,370	1,599
7. Bracket creep less tax cut (6+4); net tax increase (+); net tax decrease (−)			161	0	−231	−326	−358	−376	−394	−412
8. Social security tax increase from 1980 rates			145	171	182	190	321	372	389	406
9. Net tax cut (−) or increase (+) after bracket creep and social security (7+8)			306	171	−49	−136	−37	−4	−5	−6

TABLE 6.—FAMILY OF FOUR EARNING $40,000 IN 1982 WITH COST-OF-LIVING ADJUSTMENTS

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. Income	29,815	33,840	37,280	40,000	42,400	44,350	46,479	48,617	50,805	53,091
2. Tax under 1980 Code	3,877	4,779	5,627	6,312	6,996	7,551	8,158	8,865	9,590	10,346
3. Tax under current law	3,877	4,779	5,556	5,673	5,678	5,812	6,070	6,346	6,629	6,927
4. Tax "cut" (3–2); tax decrease (−)			−71	−639	−1,318	−1,739	−2,088	−2,519	−2,961	−3,419
5. Tax at 1980 percent of income (14.122)			5,265	5,649	5,988	6,263	6,564	6,866	7,175	7,498
6. Tax increase from bracket creep since 1980 (2–5)			362	663	1,008	1,288	1,594	1,999	2,415	2,848
7. Bracket creep less tax cut (6+4); net tax increase (+); net tax decrease (−)			291	24	−310	−451	−494	−520	−546	−571
8. Social security tax increase from 1980 rates			226	294	362	472	674	786	919	1,048
9. Net tax cut (−) or increase (+) after bracket creep and social security (7+8)			517	318	52	21	180	266	373	477

Mr. JEPSEN. Mr. President, again, everyone should understand that this constitutes a tax increase. The tax reduction act entitled the Economic Recovery Tax Act of 1981 just barely keeps the tax burden from rising. Any rescission or delay of the scheduled tax cut would, therefore, constitute a tax increase.

I urge all Senators to keep this point in mind when voting on this amendment. It is very simple. You will vote to raise taxes.

The PRESIDING OFFICER. Who yields time?

Mr. MATHIAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. MATHIAS. Mr. President, I wish I could say that I were happy to join with my distinguished friend from South Carolina in sponsoring this amendment. I am not happy. I would be much happier if there were no need for this amendment. But, as the Senator from South Carolina has so eloquently explained to the Senate, there is a need for this amendment. There is a need to consider this option; there is a need to look squarely at the situation as it is.

At another time and in different circumstances the 1983 personal income tax cut would be just what the doctor ordered—at another time. If, for example, interest rates were down somewhere at 6 percent or maybe 7.5 percent, if unemployment were under 5 percent, then—then, Mr. President—the tax cut that is contemplated for 1983 would give the economy a shot in the arm. And I do not think that anyone would dispute that.

But, we have to look at facts as they are. And the facts do not reflect a condition of that sort. Interest rates are hanging around 15 percent, unemployment has just topped 10 percent. We had hoped that the financial markets would respond to last year's tax cut.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senator from Maryland has the floor. We will please have some order in the Chamber.

Mr. MATHIAS. We had hoped that the financial markets would respond to last year's tax cuts with renewed confidence in the future. And we hoped that the cuts would stimulate greatly increased reinvestment in industrial productivity. But that has not happened. I would be happier if it had.

The Federal budget deficit—the whopping Federal budget deficit—just keeps staring Wall Street in the eye, so Wall Street has decided to watch and to wait; and, sharing this caution, the Fed is doing the same thing.

Now it would be great if we could achieve a political miracle by putting together a balanced budget that is fair to all aspects of society while keeping these tax cuts. But it is not going to happen. It just is not going to happen. We have reached a political stalemate and the economy is in a state of suspended animation and it is holding its breath.

The financial managers and the corporate executives see the 1983 tax cut as just a kind of sham transfer of money from the Government to the consumer. It is just a kind of a trick. It would be financed by what? By budget deficits. It is just a transfer of funds by budget deficits which would cancel out whatever stimulative effect the tax cut is supposed to have.

Just this week I received a letter from one of the most purdent and, I might add, one of the most successful businessmen in the State of Maryland, a man who was supportive of the tax bill when it passed last year. And now he is telling me we ought to cut the 1982 tax cut in half and the 1983 tax cut at least in half. Well, that is a formula that I think is interesting, but I think is less achievable in the situation as it now is.

Our job, the job of the Senate and the job of Government, is to convince both Wall Street and main street that we plan to get the deficit under control by 1985. And once we convince both main street and Wall Street on this score, then I think the entire financial community will breathe a collective sigh of relief and we can get down to the serious business of retooling, rebuilding, and reemploying America.

Now, I think it is fair to state that the President had hoped to use the prospect of huge deficits as his lever to get the Congress to cut spending or else to suffer the political consequences. But it has not worked. With the elections on the horizon, time is not on the President's side. For better or for worse, under our system of Government, political factors distort neat economic models and they have to be factored into the equation. That is part of real life. So, let us patch and trim and contain our political losses and get the pain behind us and get the country moving again.

Now do not let us sell the American people short. They have a better understanding of economics than many think and they recognize political posturing when they see it. They will forego the tax cut if it means putting our economic house in order once and for all. And I think they will thank us, too, if we can rise to this occasion.

In his report on the state of the Union, President Reagan summoned the memory of our boldest and our most successful Presidents. In recalling them, I think we also must recall that they never worried about revising their policies and their programs when they were overtaken by events or by political realities. These great Presidents did not cling to consistency at the expense of developing steady or stable policies that moved the country forward.

Ralph Waldo Emerson said, "a foolish consistency is the hobgoblin of little minds." And that is a familiar quotation to many Americans.

But much less well known are the words that follow. Emerson also said:

> Speak what you think today in words as hard as connonballs, and tomorrow in hard words again, though it contradicts everything you say today.

Well, the time has come for words "hard as cannonballs" if we are to protect the tax revenues that we need to reduce the appalling deficit while maintaining the programs that are the true bedrock of national security.

So I urge all of my colleagues to get us out of this political box. And the way to do that is to support this amendment.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I yield such time as he may require to the senior Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I understand there are many people who wish to speak and the hour is late. I yield 3 minutes to myself.

I say to Senator HOLLINGS that it would indeed be a pleasure if I could join him. He indicated we have had a lot of difficulty during the last couple of weeks working in the committee and on the floor in a bipartisan manner. I wish I could say that this had never existed and that it disappeared.

But in simple terms, if I add up what the Senator proposes, the Senator suggests that we will cure the recession and, I assume, bring interest rates down and keep them down by directing the Finance Committee of the U.S. Senate to impose $183.5 billion in new taxes on the American people.

I just want to say in all honesty that while I have fought hard to bring this deficit down, to move it in the direction of balance so that we could get interest rates down, we need to convince the public that we are not going to reinflate this economy once again. We have to get the budget under control. The $183.5 billion in new taxes proposed by the Senator from South Carolina would raise the taxes of 76 million currently taxable returns by $2,414 on average over the next 3 years.

I just do not believe the economy can stand that much. I do not believe the American people can stand that much. I do not believe the President will go for that much.

When we started this new administration, we said we would have less taxes, less Government, and more military. I will say that the budget that is before this Senate preserves all three. Government's cost is really coming down. It is now growing at 5 or 6 percent a year instead of 14 or 15. Military is up. Some think this is still too high, but for others it is just right. We have imposed about $100 billion in new taxes, taxes that we will have to find in the Finance Committee.

We think they can do it without affecting marginal tax rates.

But a 3 year $183.5 billion tax increase at this point, seems to this Senator to be far too much of a burden on American business and American taxpayers. I really do not think it will work. I think it will have an adverse effect, not what the distinguished Senator and I hope.

Mr. SYMMS. Will the Senator yield?

Mr. DOMENICI. I am not in control of the time.

Mr. GORTON. The Senator from Georgia asked to be recognized.

Mr. MATTINGLY. First, Mr. President, let me say that I oppose this amendment. The first thing is the tax revenue increase that we have in this budget is one that is looking to try to create some type of tax equity, to close up tax loopholes. For us to say that we want to drop the 10-percent tax cut is not the direction to go. You know what bad politics or bad votes have done in the past year to increase the spending, but then to try to make it up at one time is not the direction to go.

The taxpayers did not create this budget; we created this budget. Preparing a tax increase is what this will do, to balance the budget or to decrease our deficit. It is not their deficit but it is our deficit.

The way to create a miracle is not to do away with the tax cut. We always go out and look for the individual American to start beating up on for the mistakes that we have made here. I am saying that with all the subsidies we vote for all year long, whether it be

sugar or no matter what it be, and the other excesses that we vote for all year long, when it comes down to the time to really do something about it, to take on the entitlement programs or the index programs, we turn our backs on that. That is our job. That is not the taxpayers' fault.

I am just saying that because we lack 51 people with the stamina or the guts to take on the total entitlement programs in this Federal budget is not an excuse to go out and cancel or terminate the small, marginal tax rates that we tried to put into effect.

Thank you, Mr. President.

Mr. GORTON. Mr. President, I yield 3 minutes to the Senator from Idaho.

Mr. SYMMS. I thank the distinguished Senator from Washington for yielding.

Mr. President, I would just say that sitting here listening to this debate I find it very interesting that my good friend from the Budget Committee, Senator HOLLINGS, stated that Roth-Kemp was the most destructive thing that has happened to the country.

I might say to my good friend from South Carolina, that the Roth-Kemp proposition was 10-10-10 originally. It was diluted to 5-10-10. Only 5 percent of it went into effect, so the only impact that it had in 1981 was a 1¼ percent reduction in marginal tax rates for the working American people.

It is hard for me to see how this tax program, which has barely been put into effect, could have had that much impact.

I think my good friend from South Carolina knows very well that our current economic dilemma has not been caused by the 1¼-percent marginal rate reduction of last summer.

I think that is a little unfair, to say that our good friend from Delaware's idea has done so much damage to the American people. In fact, it is an idea that was long overdue. It rewarded people for working.

I was also interested in the comments of the Senator from Maryland, Senator MATHIAS. He quoted some business leader who said all this was was a sham transfer of Government resources to the consumers.

Mr. President, that statement is based on the premise that somehow the Government owns the labor of the American people. I am sure the distinguished Presiding Officer would not agree that the Government owns what people consume in this country, or what they produce.

This is a country where people are supposed to be allowed to keep what they earn. Yet, somehow the argument here today, in 1982, has come clear around the circle to where we actually have a discussion saying it is a sham transfer of Government resources to the consumers.

How far have we gone in this country? What do the American people have to do? They are already paying, on the average, 45 cents out of every dollar they earn for taxes. They get a meager, marginal rate reduction that barely gets put into effect. They had the promise that they will get 5 percent in October of 1981, 10 percent in July of 1982, and another 10 percent in July of 1983. Barely is the ink dry on the bill before Members of Congress and the liberal media are pointing out that it is time now to repeal the tax bill because the tax bill is not working. We heard that when we came back from the summer recess.

Does the Senator from Georgia recall that?

The PRESIDING OFFICER (Mr. QUAYLE). The time of the Senator has expired.

Mr. GORTON. I yield 2 additional minutes.

Mr. SYMMS. We came back from the August recess and already the national media was saying that the Reagan economic program was not working and we ought to repeal it.

I remember the chairman of the Finance Committee said that the ink was not even dry on the bill and they wanted to have it repealed. Now we are seeing 6 months later that we have an offer to repeal it.

I say to those of you who want to raise taxes on the American people, go ahead and vote for the amendment, vote to raise the taxes 10 percent. That is what you are doing.

The problem with our economy is that we are not cutting spending. I would appeal to my colleagues, why not take a look at this budget and make some good cuts in spending and do what the Senator from South Carolina offered last year. It is not too late.

I would suggest he offer his amendment of last year. Let us not have this big increase in COLA's. We should not be doing that. We are giving people money we do not have. But to raise their taxes? They do not have the money to give back to the Government. We are trying to squeeze blood out of a turnip.

I urge my colleagues to vote no on the amendment.

Mr. GORTON. Mr. President, I yield 5 minutes to the distinguished Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. I thank the Chair.

Mr. President, I have listened with great interest to the Hollings proposal. I have listened with great interest to determine whether there is anything new in this proposal. Very frankly, Mr. President, what he is proposing is the same old refrain. For years, the policy of this Government has been bigger government, bigger spending, bigger taxes. And where did it lead us? At the end of the Carter administration, we had double-digit inflation, running around 12.5 percent. Interest rates were as high as 21.5 percent. Unemployment was increasing. It was a pretty dismal period.

Make no mistake, Mr. President, it is voodoo economics to suggest the way to get this country out of a slump is by increasing taxes. That is all that is being proposed here, a massive tax increase on the American people at the very time it can be ill afforded.

Already, Mr. President, we are proposing something like a $107 billion tax increase, a very significant burden to be borne by our economy at this time, when it is in a recession.

The distinguished Senator from South Carolina proposes an additional $76.3 billion to be added, so that what we would be doing by this amendment is increasing taxes $183.5 billion—exactly the wrong kind of medicine. The wrong kind of medicine to get this economy moving; the wrong kind of burden to put on the American people.

Mr. President, let me point out that the Roth-Kemp, Kemp-Roth, Kemp-Kemp or Roth-Roth plan—I care not what they are talking about. What we are really talking about is Reaganomics, a policy that has been put into place to bring about some real, long-term growth. But I am concerned that the other side seems to have no concern about the working people, who are paying ever higher taxes, year by year.

Let me point out, Mr. President, even with the Reaganomics tax cut, the Roth-Kemp tax cut, the American people, the working people, have had little or no relief in the area of taxes. If we adopt the Hollings proposal, I think it is important to understand that every individual working American will be paying increased taxes. Let me point out that the man or woman making $15,000 will pay an additional $42 in taxes in 1983, $112 in 1984. The person making $20,000 will be paying an additional $80 in 1983, $203 in 1984. The person making $30,000 will be paying an additional $204 in 1983, an additional $410 in 1984. So what those who support this amendment will be doing is increasing the tax burden on all working Americans.

The tragedy, Mr. President, is that already, they are bearing too large a burden. Even now, with the 5-percent tax cut that was adopted last year, Americans find themselves facing higher taxes because of the social security increases, because of the inflation creep.

Let me point out that there is no support for increased taxes in much of the business community. Let me read what the Wall Street Journal just said in an editorial on May 11.

The answer to unemployment and our other problems is, "to shift the Nation's priority back toward produc-

tion, away from nonproduction. Efforts by the politicians to resume the steady buildup of tax burdens on working people and the productive economy must be resisted."

Mr. President, most people do not understand that most of the new jobs come from small business and most of small business is not incorporated and the only real tax relief is in individual tax cuts. If we adopt the Hollings amendment, that means small business will lose whatever benefits they receive—much of the benefits they received in the tax cut last year—and we will be dampening really the most creative, innovative part of our economy where most of the new jobs come from.

Mr. President, let us make no mistake what this fight is about. The fight is between those who honestly believe that the wave of the future is the same as our policies in the past: to keep Government growing, to keep spending increasing, to raise taxes ever higher on the individual; versus those of us who believe the wave of the future is to get the economy growing again. What the President has done is put some long-term policies into effect that will create real growth.

The Democrats, some of them, begin saying 1 week or 2 weeks after the adoption of the program that it is not working. Of course, it is not working immediately. You cannot turn the ship of state around overnight. It takes time. I say to my colleagues the American people understand this. They want a change of policy.

I point out that the man in the White House ran on the platform of cutting taxes along the lines of Roth-Kemp as the core of his economic policy of getting the country to grow. Those who oppose that are on the sidelines.

I point out that we cannot permit the Reagan economic policy to be Carterized. One of the real problems we had in the late seventies was that we flip-flopped around to meet whatever seemed to be the immediate issue. I am delighted and pleased that we have now a man in the White House who has the courage to keep a steady course; who is willing to take the heat and flak that comes about from trying to develop a course that will mean real, long-term growth. I ask those who would reverse this trend why they think the policies of the seventies will work in the eighties.

During the Carter years, spending went up, taxes went up. That is what we are proposing if one looks back over the last 24 hours to witness what has happened on the Senate floor. It is perfectly clear that almost every proposal to increase spending has come from the other side. Now comes the proposal to increase taxes from $107 to $185 billion.

The distinguished Senator from Maryland pointed out that we are near an election. I would say the problem in the past has been the policy of Presidents of either political party trying to inflate the economy for the sake of election day.

This President is not making that mistake. As I said, he is keeping a steady course, and he is not going to permit his program to be gutted by amendments like this one being proposed today.

The real problem is that if you adopt the Hollings amendment, one would be prolonging the recession. The 10-percent tax cut that will take effect in July and the one following that year are programs that will give some buoyancy, some push, some boost to the economy at the very time it is needed.

I point out that some of the same critics of this program last year were urging the delay of the tax cut this year. Now some of those same critics say we should have accelerated it.

I am saying, Mr. President, the President has put a major new policy into effect. It means that we are reducing Government spending. It means that we are reducing Government taxes. That is what the American people demonstrated they wanted in the last election. That is what the polls show that they still want. It would be a mistake to make a change in course this year.

I think we are making some progress. It is interesting to note that the critics of that program sort of downplayed the fact that inflation is lower than it has been in 25 years, the fact that even interest rates, while far too high, are several points below that of Carter.

Mr. President, I urge that we reject this amendment because, if it is adopted, it will mean a massive increase in taxes on the working people. It will mean a sluggish growth in the economy, a continuation of the recession.

Businessman after businessman has come out against these high tax increases. I urge that each and every Senator vote against this as it would be a step in the wrong direction.

I yield back the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, before I yield to my distinguished colleague from Arkansas, let me comment on a couple of things.

The distinguished Senator from Delaware says that my proposal is a tax increase on all working Americans and what we need are tax cuts.

The truth of the matter is—and this goes to Senator SYMMS' comments earlier—we are now experiencing a present progressive tax, a $38 billion increment of Kemp-Roth, or Roth-Kemp. It commenced January 1, 1981, and we are now in the 17th month of a $38 billion tax cut.

Look what it has given us. "Ain't it grand." Reward working Americans.

I will tell the Senator from Idaho how he rewarded people for working. You put 2 million Americans out on the streets. That is how you have rewarded working Americans with this program.

Senator ROTH really believes it. He says:

> Make no mistake about it, the way to get out of a slump is not to increase taxes.

I beg to differ. Economically somebody would argue that this is not the way you get out of recession. He is arguing Keynesian economics—no Laffer on that one; that is the Keynesian economics of stimulation.

The fact of the matter is that you want to try to bring in some incentives, and we gave incentives to everybody we could find with every kind of work program and every kind of tax cut.

Jimmy Carter had a 1977 tax cut. He had a 1978 tax cut.

The Senator from Kansas remembers that that tax cut was going to reindustrialize America then we reduced the capital gains tax rate from 48 down to 28 percent.

The small business that you talk about; we were going to reelect my friend Gaylord, Senator Nelson. He was chairman of that Small Business Committee. And so we thought up everything we could for small business—14 different items. We just put them into the law.

Gaylord is not here, and America is not reindustrialized.

I can tell you we have had it. And I have done it the other way, I say to the Senator.

I heard this same cry 32 years ago in South Carolina when we enacted the sales tax. They said that we could not afford it; it was on the working people, but we built a public education system. I authored it, and it is working. And if you put it to a popular vote, no one would ever have passed it, but no one in his right mind has ever recommended the repeal of it.

Twenty-two years ago, in 1959, we were running our budget in the red. And we had a constitutional amendment, a constitution of 1895, that said, "The budget shall be balanced." We had that in our constitution. We had always run it in the red.

But we will get to that one later. Even David Stockman is trying to finesse this mess with a constitutional amendment to balance the budget that could not possibly take place until the next President comes in. So they are very glib with the coverups, but running in the red, yes.

We raised the taxes in the lowest per capita income State next to Mississippi

in the United States at that time, and by increasing taxes we balanced our budget. We paid our bills. We began cleaning out Delaware and bringing industry into South Carolina. If you want to, you can see four grand, great Du Ponts that went down there from Delaware, the largest facilities. They have come because we increased taxes and paid the bills.

So I know what it is to increase taxes and bring this economy around. I have tried it my way, and it has worked. I am trying your way and it is a bomb.

Now, let us get to the Senator from New Mexico, the distinguished chairman. Everyone knows the high regard I have for him. But what about these new taxes? They come up with a particular measure and they say, "Now, if we take the Hollings amendment, we have $183.5 billion in new taxes if we do not change any law," and they kept $183.5 billion in new taxes.

Let us get to that point. My amendment does not increase or decrease taxes. It leaves them even with the board. July 1, 1983, you can cancel the effect of that law and the tax structure remains the same.

Now, who mentioned new taxes? You did. You all brought out a plan. Here it is, I have it in my hand. How much is it—$107.2 billion in new taxes.

Well, you all have a stone wall in front of you. You have to march up to talk to HOWARD and vote for the thing. You know that.

I did not mention the new taxes. I tried to freeze.

Now they are embarrassed. They love new taxes. That whole crowd is mentioning trying to redeem their consciences with a minimum tax. You are trying to now get some corporations to pay taxes. They are trying to get rid of tax leases. You are trying to clean up your act. I can tell you there is the worst thing that ever happened in this body, and they just went wild.

New taxes? I did not mention new taxes. I mentioned holding the line. It is the Republican alternative, the present budget, that we now have before us that recommends $107.2 billion in new taxes.

It is much like the fellow that went to the psychiatrist and the psychiatrist drew a circle on the board and said, "Now, what does that make you think of?" He said, "Sex." He drew some lines. He said, "Sex." He drew some crosses. The man said, "Sex." The psychiatrist looked at him and said, "Young man, you are the most oversexed man I have ever seen." He said, "Doc, me oversexed? You are the one drawing the dirty pictures."

You are the ones drawing up this new stuff, not old HOLLINGS. Do not give me that about new taxes. You have before this body $107.2 billion in new taxes.

All I say is, do not go out and borrow it and mail it around and say you are doing something for the working man, because you are putting him out in the street. You are not being realistic. You are giving us the old "it has not taken effect" argument. Stick to it. Keep a steady course. You are right about that. Jimmy Carter gave changing your mind a bad name. They do not want to change in the White House, and I think that is the difficulty we have.

The President does not want to change. The fact is that he thinks, as some of you do—we just have a difference of opinion—that it is working well.

In fact, at the chamber of commerce meeting, he said, "If it ain't broke, don't fix it." So he is sweating it out, hoping that in July, with the mailing of some $18 billion to social security recipients, with the new 10 percent, across-the-board $40 billion in tax cuts—which is revenue distribution—he hopes that will stimulate the economy. Maybe it will. Maybe we will learn a lesson.

However, the economists are talking about what they call rational expectations. That is what the business community does.

I was on a forum not long ago at which someone from Manufacturers Hanover Trust said that Kemp-Roth started and the Reagan program started the day the President was elected back in November because, immediately anticipating—that is what the market does—they could see that here was a conservative Republican President coming in. He was going to reduce regulations and spending. He was going to reduce taxes. And they were going to get, as they saw it, a better deal, and they started in anticipation.

Rational expectations was the psychology, until it got into law, and then they sobered up.

Now the rational expectation is revenue hemorrhage upon revenue hemorrhage upon revenue hemorrhage.

They will never get this Government back into the black during the terms of the next two Presidents at this rate. In 1985, you lose $189 billion; then indexing triggers in, and you lose even more in later years.

Oh, yes, the gimmick of Kemp-Roth was to take away the resources, and that would force us into cutting spending. But your new budget plan added $56 billion for guaranteed student loans, medicaid, medicare, additional funds for space science, veteran pensions, Postal Service.

Here is Mr. Postal Service. He got his money in that caucus. He was there. He did not get dealt out, I can tell you that. I sat on that Appropriations Committee, and, just as I respect the Senator and every one of those particular subcommittee chairmen, the five subcommittee chairmen came in and asked for $18 billion more than the President asked.

So do not say it is the same old song. You are the ones giving the same old song.

You find the spending there, but you will not face up to paying, and you wreck the economy. Rigor mortis is setting in.

I yield to the distinguished Senator from Arkansas.

Mr. BUMPERS. Mr. President, first of all, I heard the Senator from Delaware talking about how the Democrats rushed to judgment on the President's whole economic policy by claiming within 2 days after he signed the reconciliation and tax bills that the program was not working.

I want to exclude myself from those who rushed to judgment. I was 1 of the 11 Senators who stood on the floor of the Senate in July of 1981 and said, that the President's tax progam would not work, and I voted against it. I am here today, in May, about 10 months later, saying it still is not working; and I will be here a year from now, if we do not do something today on this budget, again saying it is not working.

If there is anything people distrust more than a politician, it is a politician saying, "I told you so." So I am reluctant to say that.

What are the politics of this problem?

I can picture the people on that side of the aisle going out and campaigning this fall and telling their constitutents what yeoman service they have performed because they got the budget deficit down in the range of $110 to $120 billion for 1983. I would love to run against somebody who was boasting about getting the deficit down to $110 billion.

If I were interested solely in the politics of this problem we are confronted with, I would finally hope that the amendment offered by Senator HOLLINGS is defeated. I would finally hope that the President of the United States would not suddenly say, "I believe we went too far with the tax cut. We need to recant, because it is not working."

Every Democrat up for election this fall would be in big trouble if that happened. I am not worried about it, but I am just discussing the politics of it.

I said yesterday afternoon that if the U.S. Senate suddenly broke out in a spate of commonsense and responsibility and adopted the amendment by Senator KASSEBAUM to limit annual defense increases to 7 percent in real dollars, and adopted the amendment of the Senator from South Carolina to forego the third year of the tax cut, and repealed the safe harbor leasing provision—a provision for which, I am happy to say, the chairman of the Fi-

nance Committee shares my lack of enthusiasm—if we did those three things and then adopted this budget, I might vote for some of those $85 to $100 billion in taxes that this Budget Committee has recommended. If we adopted those amendments, we would get the deficit down to $15 billion for 1985, and we would be sending a clear and effective message to Wall Street, and one that is long overdue.

The folly of last year's tax bill was not just the personal tax cut for the wealthiest Americans but something that I daresay perhaps 15 Senators knew was in the bill—the so-called safe harbor leasing provision.

You talk about the business community this country having no enthusiasm for higher taxes? How could they? We virtually eliminated the corporate tax last year.

In 1948, the corporations of this country contributed 28 percent of all the revenues collected in the U.S. Treasury. That was in 1948. In 1980 it was only 12 percent. The Joint Committee on Taxation projects that by 1987, corporate taxes will be between 6 and 7 percent of all revenues.

One of the most interesting phenomena I have ever seen was noted in a study by the Joint Committee on Taxation, which concluded that productivity in this country has declined steadily as the corporate tax rate has declined. The whole theory of Reagan economics was that if the business community has more incentive, more tax cuts, more accelerated depreciation, more everything, you will suddenly see productivity in this country increase, and we will then become competitive with Germany and Japan.

What is the perception of the ordinary workingman in Arkansas? He was promised a tax cut, and last year, on July 1, he received a 5-percent cut. He hardly noticed it. On July 1 of this year, we are going to give him a 10-percent cut. I voted for that during the tax cut measure.

The Senator from South Carolina offered an amendment calling for 5 percent the first year and 10 percent the second year; further cuts were to be dependent on the condition of the economy. I voted "aye," but, unhappily, there were not too many of us who voted that way.

I saw some new statistics the other day that showed that the national median family income for one wage earner with a wife and two children—the median income for the household—is $20,000 to $21,000.

Under this tax bill when it is fully effective in 1984 that family will get $464 in tax cuts that year. That amount will not even pay the increase in natural gas bills in my State.

But what level tax does a U.S. Senator who happens to make $60,000 get in 1984? A nice round $3,000. I ask you, who needs it most? The family of four making $16,000 to $20,000 a year, or a U.S. Senator making $60,000 a year? The answer is clear.

In my State which is 49th in per capita income, the median family income is only $16,000, or $4,000 below the national median. In my State, the average household gets only a $281 tax reduction in 1984, the year the whole 3 year tax cut will be in place. And a man making $100,000 gets a nice round $6,000 that year. This is the tax program some Senators are defending here today.

Mr. President, when there is a provision in the tax bill that allows the General Electric Co. to make $2.6 billion, get off tax free, and on top of that get a $100 million refund from the U.S. Treasury, when the Occidental Petroleum Co. makes $950 million and does not pay 1 dime in Federal income tax, how can we expect the people of my State struggling on $10,000 and $15,000 a year to believe that our tax system is equitable? The answer is in the question.

Mr. President, we constantly say we want to represent the collective thought of the people of this country. But the Gallop poll showed 30 days ago that 74 percent—I repeat 74 percent—of the people of this country would be happy to forego the third year of the tax cut in order to reduce this deficit.

The Senator from Delaware referred to this terrible tax burden that the American people face. But I submit that if we can reduce interest rates by 4 percent we will really be relieving the American people of a burden. People cannot buy houses because of high interest. They cannot buy cars. In January of 1981 the economy of this country was in a mess, and today it is in a shambles. The reason people who make less than $20,000 a year overwhelmingly support repealing this tax cut is because they hardly feel it. What they do feel is their inability to buy a house. What they do feel is their inability to buy a car, a refrigerator, or anything else that they have to buy on time payments.

I have been interested in watching and listening to the Secretary of the Treasury Donald Regan. I do not want to embarrass him by quoting all the predictions he has been making now for a year: "Prosperity is just around the corner. We expect an upturn in the first quarter." It did not happen. "We expect an upturn in the second quarter." It did not happen. We now do not believe that even the third quarter will bring an upturn.

The stock market drifts lower and lower each day. The Senator from Delaware referred to the burdens of the small businesses to whom we look for jobs in this country. Five hundred of them are taking bankruptcy every week.

The PRESIDING OFFICER. The time of the proponents of the amendment has expired.

Mr. HOLLINGS. Let me yield on the resolution itself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for 3 additional minutes.

Mr. BUMPERS. That is what is happening to the small business community. They are dropping like tenpins, 500 to 550 a week taking bankruptcy. That is the burden the small business people of this country are bearing.

Mr. President, 10.5 million people in this country out of work translates into an umbelievable amount of human misery. Factory output is down another half percent in April. Productivity is at a minus status.

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

Mr. BUMPERS. In just a minute.

The President says all he wants to do is to slow the rate of growth of Government. The budget he submitted called for spending $33 billion more in 1983 than in 1982. The interesting thing about this $33 billion figure is that he asked for $34 billion in increased defense spending. In other words, the entire $33 billion increase in the budget the President requested, plus $1 billion, was for increased defense spending.

At the rate we are spending for defense, the 24 percent of the budget that went for defense in 1981 will be over 37 percent in 1987.

It will not make any difference how many planes, tanks, guns, or anything else we have if we spend this country into bankruptcy and our economy collapses. There is nothing wrong with the economy of this country that could not be solved right here in the Senate before midnight. I doubt that what should be done will be done. But there is nothing wrong that we could not fix right here, right now.

So I ask all of my colleagues, as Atticus Finch implored, "For God's sake do your duty."

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. How much time does the Senator desire?

Mr. GRASSLEY. Three minutes.

Mr. GORTON. I yield 3 minutes.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 3 minutes.

Mr. GRASSLEY. Now we are told that 74 percent of the people are willing to forego a tax cut to balance the budget and get the deficit down. But there was a poll within the last month that said that the people of this country expect us by a 6-to-1 margin to cut spending over increasing taxes to bring this economy and this budget under control. They said this because the people of this country know that this budget is out of control and that

it is too much business-as-usual to increase taxes in order to balance the budget.

Let me assure you that if this amendment of the Senator from South Carolina goes through to eliminate the third year of the tax cut then the next step, and it may be offered anyway, will be to eliminate indexing. If there is anything that is business-as-usual which is going to return to haunt this body it is eliminating indexing. If we eliminate indexing, we are going to continue to have automatic tax increases year after year that provide the easy way of increasing spending. This budget has gotten out of control simply because we have not had to be responsible for the additional taxes that come into the Treasury. As the Senator from South Carolina said, only twice in the years that he has been in the Senate did he have to vote for a tax increase. Why? Because of inflation. With each 1-percent increase in the consumer price index and in wages, taxes go up 1.6 percent.

Now, that is a windfall to the Federal Treasury above and beyond the real growth of our economy. If there is any one principle that we all should abide by if we want to be morally and ethically responsible, it is that we should not increase spending for the Federal Treasury beyond the economic growth of the taxes supporting those services.

Anything less than that is saying to ourselves that it is all right for this generation to live high-on-the-hog and let future generations pay for it.

Why should we not be able to foot the bill ourselves?

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. GORTON. I yield 1 additional minute.

The PRESIDING OFFICER. The Senator is recognized for 1 additional minute.

Mr. GRASSLEY. What we are doing here in reducing taxes, followed by the most important step, indexing, is to have any increase to the Federal Treasury beyond real growth held accountable by this body. We must do away with these automatic tax increases by which we can spend and spend without being responsible. Only then will this generation pay its own way, so that we can pass on to our next generation the sound economy that we help create.

Mr. President, I am afraid that those who would repeal the third year of the scheduled tax cuts, as well as tax indexing, would do so without having studied the implications of that action.

Under the full 3-year tax cut plus the indexing provision, the average taxpayer would have a reduction in average and marginal tax rates of just under the 1979 level. Whatever bracket creep would set in from 1980 to 1984 would be offset by the second and third years of the tax cut. Indexing would then maintain that level of taxation indefinitely.

If we repeal the third year and indexing, falling marginal tax rates would bottom out at 1980 levels in 1982 and 1983. After that, marginal rates would rise steadily—a ticket to a repeat performance of the current recession.

As my distinguished colleague from Iowa stated, due to bracket creep and scheduled social security tax increases, the third year of the tax cut is crucial. For most middle-income families, these increases wipe out the effects of the personal tax reductions. In fact, many families will end up paying a higher percentage of their income than in 1980, even with the third year and indexing in place.

Furthermore, the characterization of the 3-year tax cuts as a bonanza for the rich is comical, even cynical, if one looks at the facts. Those who would suffer the most from a repeal of the third year and indexing are lower and middle-income families. Upper income taxpayers have already received a substantial reduction thanks to a democratic initiative to lower immediately the top tax rate from 70 to 50 percent.

A family making $200,000 would lose only one-quarter of its tax cuts by 1986, while lower income families would lose about twice that much.

The $15,000 family is hit hardest by bracket creep, and harder than most by payroll tax increases. If we take away that family's third-year tax cut and its ability to adjust the personal exemptions for inflation, then that family's tax burden would rise dramatically.

The President's tax program, the program we passed last summer, is designed to give all taxpayers equal tax relief. Most importantly, it protects those least able to cope with the tax burden—the lower and middle-income families of our Nation.

Those lower and middle-income families would not be protected if we repeal the third year and indexing. Indeed, their tax burden would be disproportionately greater.

Mr. President, the personal tax cuts we passed last year are not a tax cut for the rich. But they will be if we repeal the third year and indexing.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, will the Senator from Idaho withhold? I yield 2 minutes to the Senator from Oklahoma (Mr. BOREN). I will yield to him at this point.

Mr. BOREN. I thank the Senator from Washington.

Mr. President, it makes no sense to me to go ahead with the third year of the tax cut and then turn around and impose over $101 billion in new taxes, as this resolution would do.

If the Hollings amendment were offered so as to substitute a 2-year postponement of the 10-percent tax cut or the $101 billion in new taxes, I would vote for it. However, this is not the case.

The Hollings amendment as now written imposes a postponement in addition to the $101 billion of new taxes already proposed in the resolution. This would mean a tax increase of over $180 billion. I cannot support an increase of that magnitude unless it is conditioned on certain economic factors, as I understand the Senator from Nebraska (Mr. EXON) may propose later or on additional cuts in spending which are adopted in return for it.

The original Hollings proposal to freeze all spending increases and individual taxes in place until we balance the budget had much appeal to me. I am very sorry that the administration rejected such a fair and evenhanded proposal out of hand.

Their rejection of the original Hollings proposal, in my opinion, was the first step in pushing the Nation down the slippery slope of outrageously high deficits.

This proposal, however, relies solely on tax increases to balance the budget. It does not have the fairness of the original Hollings proposal and, as a result, I cannot vote for it.

Mr. GORTON. I yield 4 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I have listened carefully to the debate here today on the Hollings amendment, and I would like to say at the outset that I have expressed on many occasions my willingness to defer or even repeal the third year of the tax cut if that is what it takes to get the deficit down to an acceptable level, assuming there is acceptable spending restraint by Congress.

I have to correct my friend from South Carolina about one thing that he said. In his remarks he indicated that the report from the Senate Budget Committee, assumed that the third year of the tax cut will not be repealed. I ask him to look at page 50 of the committee report on the first concurrent resolution for 1983, and he will see it uses the phrase "no assumption was made regarding the manner in which these sums would be raised." It is clear that the report does not presume that the third year of the tax cut will or will not be repealed.

Let me make a second point, Mr. President. In order to understand the implications of this amendment we must perform a litle bit of mathematics. This amendment would make it necessary for the Finance Committee to raise $183 billion in additional taxes over the next 3 years. Now, as I understand it, last year, as part of the 1981

tax cut, for the 3-year period we are talking about, 1982 to 1985, this Congress voted $76 billion in business tax cuts; $76 billion in the third year of the individual tax cut; $9.5 billion in relief for estate taxes, and $11.5 billion in incentives for individual savings, and $7 billion to encourage energy production and conservation. As I add up those numbers, Mr. President, I get to a number that is considerably less than the $183 billion.

So, as I understand what the Senator from South Carolina is proposing we would have to increase the amount the Finance Committee is instructed to raise in taxes by $76 billion over the next 3 years, the full value of the third year of the tax cut. We would have to find the original $107 billion in revenue which is already in the budget resolution from other sources. What would we do, repeal every single business tax cut we enacted last year? Does the gentleman from South Carolina think there are sufficient votes in Congress to do that?

Faced with the need to raise $183 billion over 3 years, what Congress is more likely to do is repeal all of the estate tax reform and savings incentives that we enacted. Mr. President, I do not think this amendment has been very well thought through as to the consequences or as to the votes.

But I suppose there is always some logic to some tax increase, and I have gone through a list of things this Congress might consider. They are not things that I believe are wise to consider but faced with the need to raise $183 billion in taxes they will be considered nonetheless.

Someone says to me, "Well, we are not going to repeal all those business taxes, Senator. We are going to find that money some other way. We are not going to repeal accelerated cost recovery. We are not going to repeal the investment tax credit, not the IRA's. That would be wrong."

Well then, where are we going to find that money? I am told the list I now hold in my hand is the list of things the minority feels they might do.

The PRESIDING OFFICER (Mr. RUDMAN). The time yielded to the Senator has expired.

Mr. HEINZ. I ask for 2 additional minutes.

Mr. GORTON. I yield 2 additional minutes to the Senator from Pennsylvania.

Mr. HEINZ. I understand they want to increase the floor on medical deductions to 10 percent of an individuals income; they want to eliminate the $150 health insurance deductions; they want to limit industrial revenue bonds; they want to limit mortgage interest deductions. What impact would that have on the already depressed housing industry? The minority is apparently willing to repeal the DISC; they want to repeal State sales tax deductions so that people can be taxed twice; repeal the personal property deductions, so that people can be taxed twice; repeal the $100 exclusion on dividends; tax every penny of unemployment tax compensation—that is a nice one for families and communities devastated by unemployment. The minority appears willing to reduce energy investment credit; reduce the investment tax credit; tax employer-provided health insurance; put a $5 per barrel import fee on oil; double the beer and wine tax. I know the Senator from South Carolina would be opposed to doubling the beer and wine tax.

Would the Senator from South Carolina have us repeal the net interest exclusion or the dividend exclusion, tax social security benefits; tax railroad retirement benefits; double the motor fuel tax. Mr. President, these certainly are all things Congress could do.

But let me tell you I do not think most of those things—any of those things—are things Congress ought to do. But it would appear obvious to me that if we agree to the amendment of the Senator from South Carolina, then we do sign on to do all of those things. Should the amount of revenue the Finance Committee, of which I am a member, be instructed to raise an additional $76 billion beyond the amount already directed. I know all too well that many taxes that are either unwise or unfair would be enacted. Therefore I oppose this amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Furthermore to the extent that the Finance Committee can find reasonable ways to raise revenues above the $107 billion floor currently set under the existing budget resolution we are free, and I hope would, do so.

Mr. GORTON. Mr. President, at this point I have the intention of yielding 5 or 6 minutes to myself. I have requests for time from the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Kansas, the chairman of the Finance Committee, who wishes to close debate for this side. I understand that Senator HOLLINGS—I am also informed that Senator KASTEN wishes to speak on this issue—I understand the distinguished Senator from South Carolina wishes to yield to the Senator from Nebraska, and I will offer him that opportunity at the conclusion of my own remarks. Is that satisfactory?

Mr. HOLLINGS. I would just like to correct the distinguished Senator from Pennsylvania.

Mr. GORTON. Obviously there will be time for that.

The PRESIDING OFFICER. The Senate will be in order.

Mr. GORTON. At this point I yield 5 or 6 minutes to myself.

The Senator from South Carolina, my good friend, is one of the great orators as well as one of the great Senators of this body. As a matter of fact, I think it is not an exaggeration to say that his oratory can charm the birds from the trees. I suspect he would have little difficulty in selling ice in the Falklands.

At this point, he is attempting to sell the American people on roughly $82 billion in taxes over the next 3 years over and above those already assumed in the budget resolution which is before us.

He was joined a few minutes go by the equally eloquent Senator from Arkansas, Mr. BUMPERS, who criticized at length a system which has lowered the percentage of taxes collected in the United States from corporations and who proposes as a cure an increase in taxes on individuals by canceling the third year of the individual tax cut passed by this Congress last July.

With all respect to those gentlemen, I do not believe that this is the appropriate way to work our way out of a recession. I might remind the Senate that the problems in connection with budget deficits, with which we are so seriously faced today, were first recognized and a solution to them first proposed as long ago as last October and last November by the very distinguished chairman of the Budget Committee, who came very close, but not quite close enough, to reporting to this floor a second budget resolution for 1982, the passage of which I am convinced would leave the problems which we face today measurably smaller than they are at the present time.

That failure illustrates the vital importance of passing a budget resolution which calls for a reasonable balance between restraint in increases in Federal spending and increases in Federal revenues.

I do not believe that that reasonable balance is included in the proposal of the Senator from South Carolina, which would increase taxes in total by a greater amount than it would reduce the growth of spending.

I do not wish for one moment to criticize the courage or the farsightedness of the Senator from South Carolina. He was the first individual to present an alternate budget to the Senate and the people of the United States immediately after the President's message last February. It is true that that proposal called for even greater increases in taxation than this does. And it is also true that a proposal which I made not long thereafter was correctly and accurately described by the Senator from South Carolina in connection with its revenue increases.

But there are two significant differences between both of those proposals and what has happened since. First,

neither of them accounted for the positive effect on interest rates and on interest payments, and thus, when we take that into account, neither was necessary in its entirety. Second, both of them provided much more in the way of spending restraint, including the proposal of the Senator from South Carolina, than does the proposal which is before us right now. And, therefore, the balance, as we have this resolution before this Senate right now, is roughly what the balance was in our earlier proposals, which would have gone further toward balancing the budget and in fact would have done so by 1985.

I must say, however, I think it vitally important to say that there is very little opinion outside of this body for the proposition that by increasing taxes alone, that by taking this resolution and adding to it the cancellation of the third year of the income tax cut, we will somehow work our way out of a recession. It is simply not possible by increasing taxes to increase the capital necessary to lend to businesses and individuals at reasonable rates of interest. We need more such capital, not less such capital.

Even so, I may say, in order to attempt to provide some balance to this debate here this afternoon, that the budget which we pass here this evening or tomorrow will not be the final word. It may well be that some of the proposals in connection with spending made by the Senator from Arkansas will be included in the ultimate package. The House obviously will pass a different budget from that passed here.

I believe that a compromise between what the House passes and what we pass here will be reasonably balanced between spending restraints and between revenue increases. I believe it is much more likely to have that fate if we continue to defeat the amendments to increase spending from the other side of the aisle and if we defeat the proposal by the Senator from South Carolina here now.

I have no doubt that in any conference committee on this proposal the contribution of the Senator from South Carolina will be significant and that by going through with what we are doing right now, and by succeeding in doing so, we will do the best possible job for the future of the economy of the United States. And in order to do that we need to defeat this amendment.

Mr. SYMMS. Will the Senator from Washington yield for one question?

Mr. GORTON. Yes.

Mr. SYMMS. I thank the Senator very much for his very articulate statement. I agree with him that we need to get this uncertainty removed from the air.

But I think one question should be asked that has not been answered here. If those of us who have advocated a reduction in marginal rates are in fact responsible for those unemployed Americans, then I would say to those that are making that accusation, just who is it you are going to have hire those unemployed people by raising taxes? The Government? That is the question that should be answered. How are you going to raise taxes on Americans across the board and do anything about unemployment, do anything about capital investment, or do anything about jobs? That is the real question. It just simply will not work.

Mr. GORTON. Since the Senator from Washington agrees with the premises on which that question was asked, he will defer answering it to the Senator from South Carolina to whom he proposes to yield.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Senator from Ohio, Mr. GLENN, the Senators from Massachusetts, both Senators KENNEDY and TSONGAS, and the Senator from Michigan, Mr. LEVIN, be added as cosponsors to the amendment.

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

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from Nebraska and, thereafter, so we will have some order, my hope would be to yield then to the Senator from Delaware and the Senator from Maryland and then close it down if we possibly can.

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.

The PRESIDING OFFICER. The Chair would advise the Senator from South Carolina——

Mr. HOLLINGS. I yield time off the resolution.

The PRESIDING OFFICER. This is on the resolution?

Mr. HOLLINGS. Right.

Mr. EXON. Mr. President, I thank my friend and colleague from South Carolina. Mr. President, I support the Hollings amendment, not to increase spending, as some have indicated in debate, but to reduce—to reduce, Mr. President—the ruinous deficit totals. Those on that side of the aisle, not this side, have approved the spending totals that necessitate these highest deficits in our history.

As the chairman of the Budget Committee said a few moments ago, the President promised less government, less taxes, and more military. I will not go into a debate on that. Let us assume that all of that is true.

The President also promised a balanced budget. That was the hallmark of the successful 1980 campaign. I think the majority did not promise in that campaign the greatest spending, the largest deficits, and the highest trillion-dollar debt ceiling in the Nation's history.

Let us truly make no mistake about what we are about, Mr. President. We are simply increasing the deficits by increasing spending and making those deficits worse by trying to fool the American people by making them believe that we are responsible and good guys by giving tax cuts at the same time.

What we are really doing is cutting taxes for phony, political tomfoolery and not saving a like amount in spending. The result is obvious. We are driving up deficits, holding up high interest rates at the highest real level in their history, and thereby shackling any chance of economic recovery.

The new Republican approach, as recommended in the matter before us, locks in the highest and most irresponsible deficits by far—by far, Mr. President—in our history.

By comparison, they make Jimmy Carter look like the most conservative President since Calvin Coolidge. JACK KEMP says that his party no longer worships at the altar of a balanced budget. It is very obvious that that is true.

The new Republican deficits before us lock in the following unbelievable deficits for the following years: 1982, $117 billion; 1983, $119 billion; 1984, $91 billion; 1985, $64 billion, and that is optimistic.

Mr. President, we can point fingers, we can blame, we can find fault, and we can engage in argument indefinitely. The simple fact is that we must get on the glidepath of a balanced budget. That simply says that we must match income with outgo. It is not very difficult to understand.

I say, Mr. President, that no family, no business, no farmer, no corporation, no local government, and no federal government can go on indefinitely spending more money than they take in.

Mr. President, I am not very much influenced by those who have said in argument here today, in debate on this very important amendment offered by the Senator from South Carolina, that those of us who support this are simply supporting more spending. No, Mr. President, we are not supporting more spending. We are taking the spending totals advanced to us by the Republicans in the budget package that they have before us, and we are simply saying that the deficits that I have just cited are entirely too high to get the economy of this country back on track.

No one wants to eliminate tax decreases, but it is not responsible, it is not conservative, and it is not being honest with the people if we proceed on the course that we are on.

Let us tell the people the truth. While this is a very difficult amendment to vote for, and it is going to take some courage to do so, I think it is the only thing which has been offered thus far in the debate on the budget considerations before us which sincerely attacks the matter of reducing the deficits which I assume most Members of this body on both sides of the aisle are primarily concerned about.

I yield the floor.

Mr. HOLLINGS. Mr. President, I yield now to the Senator from Delaware from time on the resolution.

Mr. BIDEN. Mr. President, this is a little reminiscent of a year ago. A year ago the Senator from South Carolina had what I considered to be the only significant Democratic alternative offered to the Republican tax package and which I cosponsored. We said back then, "Look, we like the idea of a tax cut. We like the idea of sizable tax cuts." We were not even arguing about equity then.

We stood here on the floor and said, "Look, the President has told us a good story, a nice tale for us, more like a fairy tale. He has told us all will be well in America if we just cut taxes and if we cut them significantly."

He gave us his economic recovery plan that was the prescription for our recovery. He told us about what interest rates would be a year from then. He told us about the inflation rate.

He was right about inflation. In fact, inflation turned out better than he said. It is lower than he thought.

He told us about what the deficits would be. He told us about how the economy was going to rebound.

The Senator from South Carolina and I said, "Well, we like that. It sounds real good."

I like to say to my folks at home that I am against taxes, and I particularly like to vote, whenever I can, with my senior colleague. I mean that sincerely.

It is not real comfortable being back home in Delaware saying, "I do not like this tax cut." I would like not to have to say that.

So we said, "Look, if it does not work out quite the way you said it would, Mr. President, maybe we should not go forward with the second and third year of those cuts. Maybe we should make them conditioned upon what you say is going to happen."

We said we would like to have that cut. I do not know many people here who would not like to have the notion of an economic recovery coupled with significant tax cuts.

Well, as recently as yesterday the Republican majority in the U.S. Senate presented the U.S. Senate with a modified budget resolution, the second time out, which increases 3-year deficits to $270.7 billion.

Let me say, we Democrats do not have a lot of credibility to talk about deficits. We Democrats have not been running around here for the last 10 years, with the exception of the Senator from South Carolina and a few others, the Senator from Virginia, whom I see on the floor, and a couple of others, who have been disciples of balanced budget. We have to admit that the other team has scored. They have been the folks talking about that.

We used to talk about leverage in the economy, but not even we Democrats dreamed of a $270 billion deficit over 3 years. Not even the wildest, wild-eyed liberal among us believed that we would ever see a time when we would be talking about deficits like that.

Before my friend from Idaho comes back on the floor, suggesting that the Democrats are the ones who made everything bad, let us stipulate to that for the purpose of this discussion. "The reason America is in trouble is because of the Democrats." We did it all. I will stipulate that for the sake of this argument.

What are we going to do about it? We have a new team. The new team has been downtown now for 1½ years. We have a new team running the show up here in the U.S. Senate. We are not talking about the economy as a whole at this very moment; we are talking about the budget. This is the budget. We can argue about what the impact is that the budget has on the economy, but let us talk about the budget. The budget we are presented with here has a $270.7. billion deficit.

My friend from Idaho, and I wish he was on the floor, said not long ago, that we have been accused of being the reasons for unemployment and so on and so forth, but how we going to get people back to work unless we get more money out there?

Let me tell you something. First of all, you are not going to get a whole lot of money out there if, in fact, you do not get the economy moving a little bit. You will have more people unemployed and the deficit will go higher. But let us forget that for a moment.

I come from a State, as the senior Senator from Delaware does, which has a mild corporate interest. We have a few corporations that reside in our State. I will tell you what they are telling me. They are saying, "We really liked that tax cut at first."

"We really liked it. It was a good idea. But we have a problem now. We know that America cannot live with $100 billion deficits year in and year out. We know it is not going to work. And we know that what is going to happen is that one morning you are going to wake up and you are going to regain your senses and you are going to have to cut that deficit. We do not know where you are going to cut it. We do not know if you are going to change the tax law that I am relying on; we do not know if you are going to cut programs that I am relying on to get back my investment. We do not know what you are going to do."

So what happens is that the business people tell me there is a little economic uncertainty out there. They like certainty and the certainty is that we cannot live for a long time with these deficits. So they are worried about what we will cut and what we will do.

I would suggest to the Senator from Idaho and others, that one of the reasons why the economy is not surging ahead is not because of the lack of capital. Even those companies that are flush are still not investing because they do not know what is going to happen. But they know something has to happen.

These deficits, obviously, are too high. I find it somewhat fascinating that my Republican colleagues on the Committee on the Budget said, as they voted down the President's budget, as presented to the Budget committee, "The deficits are too high. We cannot take these deficits." Now that they have set the new deficits in the resolution before us, deficits that were just put before us, they are higher than the ones the President recommended in his February budget.

They could not take them 3 weeks ago and now they can take them. They could not take them 6 weeks ago, and now they are going to spur the economy. They could not take them 10 weeks ago and now they are the answer.

Mr. President, I want to point something else out to my colleagues and those who are listening on their squawk boxes back in the office. Funny things occur here, I say to Senator LONG. These Republicans were going out and cutting. They were going to cut programs, they were going to cut this, they were going to cut that, they were going to cut the deficit. Now they come with a budget resolution that restores the cut in social security.

They realize that those old people in their beds, that the Senator from Louisiana spoke so eloquently about earlier, cannot afford the cut. So they raised spending by backing off their cut.

They come along next and say, "By the way, that reduction in the medicare program is intolerable, so we are going to increase spending for medicare as compared with what we said we were going to do a little while ago." A little while meaning 3 days ago.

Then they come along and say, "By the way, we are not spending enough money on science and technology, so we are going to spend more money on science and technology."

They say, "We want to spend more money on housing." So they are raising the budget, pumping it back up, the budget they accuse we Democrats of inflating.

They say, "We want to raise veterans benefits," "we want to raise the Postal Service," relative to what they told us a week ago, a month ago, 2 months ago was desirable.

So now we have the magnificent picture here, on the floor—I guess it is like that joke about the committee that formed the camel, you know. They have a lot of camels over there. I thought we Democrats were the only ones who did not know what we were doing in committee. Obviously, you had a little fight over there in that donnybrook you had. You concluded you were going to do everything.

You are not going to cut social security. That satisfied a portion of you.

Then you are not going to cut student loans so much, and some of you are satisfied with that. Then you are not going to cut medicare; some of your folks were satisfied with that.

Then you said you were not going to cut housing.

Then you said you are not going to cut veterans benefits because everybody knows people are for veterans benefits.

Then you are not going to cut the Postal Service. Then, "By the way," you said, "we are not going to increase taxes."

So you have done what we Democrats used to do. You have given everybody in your party a piece of everything so you got unanimity. Except you gave us $270 billion in deficits.

Mr. President, what is it going to be, I ask? Do you want us to cut spending more? Is that how you are going to reduce the deficit? Or are we safe? Are you telling us that we have to accept the notion that there is nothing more we can do about the deficit? If that is what you are saying, I understand it, because I do not know what else you are going to do.

You just raised spending and the deficit is above what the President wanted it to be in his February figures. You gave him the tax cut he wanted. And you will not cut defense any more. I do not know how you get the numbers down. But something has to be done to get the deficit down.

Mr. President, I am cosponsoring this amendment with Senator HOLLINGS to defer the third year of the income tax cut—a cut that will be 10 percent effective July 1, 1983. It will not affect the July 1982 cut. This amendment will increase revenues in 1983 by $7.3 billion; in 1984 by $32.9 billion; in 1985 by $35.9 billion, for a 3-year total of $76.3 billion.

You did not want to buy into Senator HELMS' amendment. I notice all you Republicans voted against it. You could not buy his. He had an answer for you. He is the only one here who suggested cutting domestic spending rather than increasing taxes. Have you heard anybody else? I have not heard anybody else come to the floor to suggest this.

He had an answer. He said let us cut $100 billion in spending out, not touch defense, not touch the tax cut, not raise revenues, and take it out across the board. If you follow his example, that is one way to cut the deficit—cut spending. That is an honest approach.

There is only one other way, only one other place you get big numbers. That is the tax cut. Buy onto HOLLINGS, BIDEN, et al. Or else go back out and say, "Ladies and gentlemen of America, for now and in the near term, there is nothing we are going to do about hundred-billion-dollar deficits. Hang on, learn to like them, they are not all that bad."

And you may be right. You may be able to convince business that that is good business. You may be able to convince the apostles of capitalism that this is the way to go.

Mr. President, I find a stark analogy between the folks the President and my colleagues on the Republican side attack first and those who Lyndon Johnson attacked first. During Vietnam, when the Democrats turned against Lyndon B. Johnson, whom did he turn on first? The ones who had been his supporters—the think tanks, the universities, the liberal organizations. "They question me; they question who runs America."

Mr. President, my colleagues on the other side question whether Wall Street people are capitalists. Ed Jefferson, chairman of the board of Du Pont Co., who went along with the tax cut originally.

But now he comes along last month and says that any good businessman knows when you have a plan that is not working you change it. That is only prudent business policy. It is time to change course, he now says.

And what do you folks over there call those captains of industry? You call them people who are bailing out on the President. They are not doing their share.

I find this the most humorous turn of events, Mr. President. If it were not all so important, it would be funny, the turnaround around this place.

Mr. President, I do not know. Unless you go the route that Sentor HOLLINGS is suggesting, in all honesty, you have to go the route of deep spending cuts like those that Senator HELMS is suggesting or the route that Senator KASSEBAUM suggested, with significant cuts in defense.

You have already signed on and said, "We don't like KASSEBAUM, we are not going to go with her, we are not buying on to that. We do not want to cut defense."

I am here to tell my colleagues, Mr. President, this is the last chance to buy into cutting the deficit. There are no more that are going to be offered.

If you do not buy into this one, you have to go out, if you are going to be honest about it, and tell the folks, that either these deficits are going to evaporate because supply side is going to kick in so fast, so quickly, that economic recovery is going to spur us on and eliminate the deficits; or else you have to say that you do not mind these big deficits.

You cannot have it all ways. The tax cut bill last summer——

The PRESIDING OFFICER. The Senator will suspend. The Senate is not in order.

Mr. BIDEN. I thank the Chair. I do not blame them for not listening, I am getting redundant. Let me summarize quickly.

You know as well as I do the numbers on employment, teenage unemployment, factory capacities, what we are operating at—71.1 percent was the capacity in March. We all know about GNP and the phenomenal growth rate we are having. We all know about housing starts, automobiles, and the prime rate. It does not appear that the majority has any further proposals to reduce the deficit this year. I do not see how we can accept the deficits higher than the unacceptable ones that they said existed in February, the President's deficit. So we either have to increase our revenues or make further spending cuts. You cannot come back into us and tell us you have a plan which includes doing nothing about increasing revenues beyond what you suggested and at the same time making spending increases in other programs.

Mr. President, I thank my colleague from South Carolina. He was very prophetic a year ago. I suspect he is going to appear, once again, prophetic a year from now. I happen to think that it is pathetic that we are going to live with these kinds of deficits when in fact we have an alternative.

I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. For other than his references to me, I thank the distinguished Senator from Delaware for his very, very eloquent statement.

I yield now to the distinguished Senator from Maryland.

The PRESIDING OFFICER. On the resolution?

Mr. HOLLINGS. On the resolution.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the chart showing the economic effect of the amendment on deferring the third year of the tax cut be placed in the RECORD.

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

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1983

[Summary of Proposed Changes in Committee Modification]

	Fiscal year—			
	1982	1983	1984	1985
Deficit as reported by Senate Budget Committee on May 10	117.7	106.1	69.0	39.5
Removal of social security solvency estimates pending action later this year		+6.0	+17.0	+17.0
Additional increase in revenues		−1.2	−2.0	−3.0
Reduction in medicare savings		+1.2	+2.0	+3.0
Medicaid offset related to change in medicare savings		−0.1	−0.2	−0.3
Elimination of guaranteed student loan savings		+0.1	+0.7	+1.2
Add-back for 12 programs in which fiscal year 1981 deferrals lowered budget authority level in fiscal year 1982		+0.8	+1.2	+1.4
Additional funds for:				
Space and science programs (to President's proposed budget request)		+0.5	+0.8	+0.4
Housing programs		+0.9	+1.0	+1.0
Veterans pension, compensation, and health programs		+0.5	+0.6	+1.0
Postal service		+0.2	+0.2	+0.2
Additional interest costs due to higher deficits		+0.4	+1.0	+3.0
Total changes		+9.3	+22.3	+24.9
Deficit in Committee modification	117.7	115.4	91.3	64.4
Amendment—Defer 1983 personal tax cut		7.5	32.9	35.9
Deficits		107.9	58.4	28.5

Mr. MATHIAS. It shows that it would bring about a steady decrease in the deficits in the next 3 fiscal years from $107.9 billion to $58.4 billion to $28.5 billion.

I offer that because I think it is helpful in answering the very sensible question that was asked by the Senator from Idaho. the Senator from Idaho said that the important question was: Who is going to put people back to work? That is a reasonable, a sensibile, and a necessary question.

I differ with the Senator from Idaho in his suggestion that the question had not been answered yet. I think the question has been answered. It has been answered by, for example, members of the Business Roundtable, who went to the President of the United States and said the tax cut is too big. The remission of Government revenues is too large. And if you will trim down the tax cut, we believe that we, the business community of this country, will put the people back to work.

That is the answer to the Senator from Idaho—the business community will put people back to work.

Mr. President, it is in that real sense that this is a bipartisan amendment, not simply because FRITZ HOLLINGS is a Democrat and I am a Republican. It is a bipartisan amendment because Republicans and Democrats all over this country, members of the Business Roundtable, for example, are supportive of this concept, think the tax cut is too large, think we gave away too much revenue. The chance to do something about it, to put people back to work, and to answer the question of the Senator from Idaho is to adopt this amendment.

Mr. GORTON. addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. I yield 10 minutes from the bill to the distinguished Senator from Virginia, Mr. HARRY F. BYRD, JR.

The PRESIDING OFFICER. The Senator from Washington still has time on the amendment.

Mr. GORTON. The Senator from Washington understands that but he has two Members who will take the time from him.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, before the time begins to run, may we have order so the Senator from Virginia may speak.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HARRY F. BYRD, JR. Mr. President, I find this a difficult decision to make on the amendment offered by the distinguished Senator from South Carolina. I need to give a few moments of history to indicate why.

In 1980, I voted against the Kemp-Roth tax reduction proposal and I opposed the Democratic alternative to the Republican proposal. I was one of only two Members of the Senate to vote against both tax reduction plans.

I did so not because I am opposed to tax reduction but because I felt that we should bring the budget closer into balance before reducing taxes and also that we should couple any reduction in taxes with a reduction in spending.

Now comes 1981 and a new President, Ronald Reagan. President Reagan proposed an across-the-board, 25-percent reduction in taxes over a 3-year period. He coupled that with a reduction in spending. He showed by his actions that he was determined to get spending under control. I reversed my position from the year before, and I voted for the President's 3-year tax reduction program.

But what was not apparent then, and no one to my knowledge asserted, was the tremendous deficits which are now accuring. I also believe that there would be a sharp reduction in the rate of increase in spending. That has not taken place.

In a colloquy with the distinguished chairman of the Budget Committee today, I put this question to him. I said,

Is it not correct that the spending increase in fiscal 1981 was 14 percent over the previous year?

And Senator DOMENICI said,

That is correct, actually 13.9 percent.

Then I said,

Is it not correct that the spending increase for the current year, fiscal 1982, is 13 percent?

He said,

That is correct.

So there has been not only no reduction in spending, there has been only a minute reduction in the rate of increase in spending.

Now, that brings us to the deficits. These deficits which are projected are devastating. In the next 3 years and 5 months the deficits will total $468 billion. The national debt will go from $1.065 trillion today to $1.533 in 1985.

Now, this was from the colloquy I had with the distinguished chairman of the Budget Committee today. I asked the chairman—

With the national debt today being $1.065 trillion, that means, does it not, that the national debt under the budget resolution now before the Senate will increase by $468 billion?

Mr. DOMENICI. The Senator is correct.

The budget figures in this resolution show that the national debt at the end of 1985, 3 years and 5 months from now, will be $1.533 trillion. Subtract those figures and you will find that we have a shortfall of $468 billion in that short period of 3 years and 5 months—a 44 percent increase in the national debt in that period of time.

The magnitude of these deficits caused me to give sympathetic consideration to the proposal offered by the Senator from South Carolina. I would like to see the tax reduction proposed for next year retained, but I am in a quandary, frankly, as to what to do.

The fact is that if the Hollings amendment is defeated, the Finance Committee retains the authority and will have the authority to eliminate, if it so desires, the third year of the proposed tax reduction which is addressed by the Hollings amendment.

The budget resolution sets a minimum amount that must be raised in taxes. It does not set a maximum amount. The budget resolution provides for an increase in taxes of $107 billion, but the Finance Committee can go beyond that, if it so desires, and increase taxes more and, if it wishes, it can eliminate the third year of the President's tax reduction proposal.

So I am inclined to vote against the Hollings amendment at this time, because the Finance Committee still retains the authority to raise additional revenues at any subsequent date.

I think I shall delay my decision on voting to eliminate the third year of the tax reduction, although I am inclined to vote to eliminate it; but I will still have that opportunity when the Finance Committee considers this part of the budget resolution. For that reason, I shall support the President tonight in voting against the Hollings amendment. I want the record to show, however, that I may vote to eliminate the third year reduction when the Finance Committee considers the matter if these deficits contin-

ue in the magnitude which they appear at this time. I would prefer spending reductions, however. Spending is too high and is out of control.

Mr. RIEGLE. Mr. President, will the Senator yield for a question?

Mr. HARRY F. BYRD, JR. If I have time remaining.

Mr. RIEGLE. Mr. President, does the Senator have time to engage in a brief colloquy?

The PRESIDING OFFICER. The Senator has time to engage in a very brief colloquy.

Mr. RIEGLE. I must say to the Senator that I have listened carefully to his statement, and I share much of the concern he has expressed. I have voted for the tax cut until the present time; and I, too, find myself in a quandary on this amendment.

The deficits are so enormous that we are faced with the prospect of having to borrow the money to pay for the third year tax cuts. That is the dilemma we are in because, as the Senator pointed out, the deficits are here.

The Senator established in his colloquy with the chairman of the Senate Budget Committee that we are looking at nearly half a trillion dollars in new additions to the national debt with this package unless something is done with either further spending reductions or enhanced revenue items.

My question, and I ask it rhetorically as much as in direct fashion, is this: With what we now know, are we not faced here with a situation that if we need the third year of the tax cut, we literally have to go out and borrow the money or print some money to pay for the tax cut?

I must say that I am not clear in my own mind as to how that can be justified, given the fact that these deficits are just going right off the map and I think are putting us in a situation where it is thwarting the economic recovery.

Mr. HARRY F. BYRD, JR. I think the Senator is correct as to the sums that would need to be borrowed.

I have my serious doubts about maintaining the third year tax reduction, but that would be in the hands of the Finance Committee, regardless of what happens today to the Hollings amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RIEGLE. I thank the Senator for yielding.

Mr. GORTON. Mr. President, I yield 3 minutes on the amendment to the Senator from Wisconsin.

Mr. KASTEN. I thank the Senator.

Mr. President, I should like to mention a few very brief facts.

The most important single fact is that the third year of the tax cut is essential if we want to provide any real tax relief at all to the average working families over the next several years. The tax cuts enacted last year are simply going to offset the tax increases from bracket creep due to inflation and payroll tax increases already scheduled in the 1977 social security amendments.

Repealing the third year of the tax cut would result in substantial tax increases for average working families. The median family of four with an income of $24,000 in 1982 would have taxes increased $143 in 1983, $406 in 1984, $421 in 1985.

It is important to recognize that repeal of the third year of the tax cut would add $76 billion to the $107 billion tax increase already assumed in this budget resolution for 1983 through 1985. When that is added to the $238 billion from bracket creep and social security, the American people would face tax increases of $421 billion over the next 3 years, $15 billion more than the $406 billion tax cut enacted last year.

If these tax increases are enacted, taxes as a percentage of GNP would average 20.4 percent between fiscal 1982 through 1985. That is higher than the average tax burden of 20 percent of GNP under the previous administration—fiscal years 1978 through 1981.

The average taxpayer would bear the brunt of a repeal of the third year. It is the average working families. Upper income taxpayers have already benefited from the tax reduction in the tax rate from 70 to 50 percent. They would lose the least. The third year represents only 12 percent of the 3-year tax cut for the highest income—$200,000-plus—families, while the third year of the tax cut amounts to more than one-third of the tax cut for every other taxpayer.

There has been a lot of criticism about the Reagan economic plan—that it has not worked. It is true that it has not, but only because it has not yet had a chance. The tax cut that went into effect October 1981 is a reduction of only 5 percent. When coupled with the planned tax increases and bracket creep, this barely allows the taxpayer to break even. No real tax relief will occur until 1983. This is a disincentive to work, to save, to produce, and to take risks.

It is even possible that Congress will not feel the need to increase taxes, as a means to reduce the deficits in the out-years. According to recent Treasury data, revenues are coming in stronger than previously estimated, and outlays are coming in lower than previously estimated. For the first 5 months of the fiscal year, the deficit is running at an annual rate of $57 billion. The actual deficit for 1981 was $57.9 billion.

There is no clear reason for this deficit shortfall, and it is not known if this is a trend that will continue in the outyears. Something is happening in the economy, and I hesitate to increase taxes by the amounts stipulated in this resolution until Congress has sufficiently resolved the question of this deficit shortfall.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KASTEN. Mr. President, I ask unanimous consent to have printed in the RECORD a table indicating the economic effect of the personal tax cuts and the tax increases this amendment would impose.

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

1981 ECONOMIC RECOVERY TAX ACT REDUCTION VERSUS CERTAIN TAX INCREASES

[In billions of dollars]

	Fiscal year—			
	1983	1984	1985	Total
Reductions from 1981 act	−90.0	−137.8	−177.6	−405.4
1st resolution tax increases	+23.2	+39.0	+45.0	+107.2
Tax increases from inflation and social security	+50.0	+78.0	+110.0	+238.0
Remaining tax cuts	−16.8	−20.8	−22.6	−60.2
Repeal 3d year	+7.5	+32.9	+35.9	+76.3
Tax cut (−)/increase (+)	−9.3	+12.1	+13.3	+16.1

Source: Senate Budget Committee, May 19, 1982.

Mr. GORTON. Mr. President, I yield 2 minutes to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I wish to address a few remarks to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.). I want the Senate to hear them.

The Senator is justly concerned about the deficits. The numbers he has given are right. We all are worried about it.

I suggest to the Senator that the budget we now have pending here, with a little over $100 billion in new taxes mandated in lieu of the larger figure Senator HOLLINGS suggests, with all the other changes, would put the national budget in a position where it will be growing in 1983 at 5.8 percent, in 1984 at 6.2 percent, in 1985 at 6.9 percent. That is growth of 1 year over the previous one.

I understand that that is nothing more than a projection, but I gave it to the Senator and tell him that I think the economic assumptions in this budget are pretty realistic.

I think the unemployment projection is pretty realistic. We have not predicted miracles. This budgetary growth is compared with growth in 1980 and 1981 of 17½, 14 percent. I think that bodes well for moving in the direction that the Senator from Virginia so much wants to move in.

In addition, I suggest to the Senator from Virginia that if we go ahead with the $100 billion or so that is in the budget for the Finance Committee and the Ways and Means Committee, and Congress passes that, it does not mean that if we are incorrect we will not have another tax bill in a year or a

year and a half. That is the option we have.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DOMENICI. Could I have another minute, please?

Mr. GORTON. Mr. President, I yield the Senator an additional minute.

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 1 additional minute.

Mr. DOMENICI. That is the option we have; whereas, if we vote now, we are telling the Finance Committee that they are ordered to return a bill with at least that amount of tax increases by a date certain this year.

I think we preserve the option of voting later for higher taxes. The Budget Committee recommends these decreases in percentage outlay growth and greatly reduced deficits, and we still have not reformed social security. We took the numbers out, but it is going to occur, and when it does it is going to insure lower deficits.

I yield the floor.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield for a brief comment?

Mr. GORTON. Mr. President, I yield to the Senator from Virginia 1 minute.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 1 minute.

Mr. HARRY F. BYRD, JR. Mr. President, what the Senator from New Mexico said about preserving my option is what I indicated when I spoke earlier, because whatever happens to the Hollings amendment, the Finance Committee can still eliminate that third year of the tax cut if it so desires.

The second comment I wish to make is when the Senator from New Mexico talks about the projections for the future, he is on dubious ground. I do not like to bring this up, but the projection of the Budget Committee this time last year was for 6-percent increase in spending for fiscal 1982, but it turned out to be a 13-percent increase in spending—more than double the original projection. So I have to be a bit skeptical of the projections for the future.

Mr. DOMENICI. The Senator is correct.

Mr. SYMMS. Mr. President, I would like to comment on my colleague's amendment to repeal the third year of the across-the-board marginal rate cut which was implemented in the last summer's tax bill. It simply amazes me that the Honorable Senator from South Carolina is offering a measure to raise income taxes on the already overtaxed, hard-working American under the guise that this will somehow bring down interest rates.

During the last 15 years, Americans have experienced ever higher levels of inflation and taxation in tandem with rising budget deficits. Given this historical relationship, I fail to understand how tax cuts are implicitly inflationary. The popular notion that has taken hold seems to dictate that since we can no longer spend ourselves into prosperity, we can tax ourselves into economic recovery.

Our true choice is not between tax reductions on the one hand and the avoidance of large Federal deficits on the other hand. An economy hampered by restrictive tax rates will never produce enough revenue to balance the budget, just as it will never produce enough jobs or enough profits.

Let us face it. We are considering a measure to raise taxes not because we want to lower interest rates or reduce the deficit or improve the economy, but because some in this Chamber do not want to cut the budget. They want to continue to try to distribute the wealth in our economy.

They believe that we live in a zero-sum economy, managed by Government, in which one man's gain is another man's loss. To the extent that such zero-sum concept is promoted in policy, it fosters a bitterness and factionalism that is inimical to capitalist creativity and stifles the expansion of opportunities and incentives for creation of new wealth.

The distributionist mentality is at the heart of our current economic distress. The fundamental misconception of the distribution mentality is manifest in the fact that redistribution improves the incomes but destroys the prospects of the poor.

Excessively high and progressive tax rates tend to impoverish the whole society by retarding the entrepreneurial creativity that is the prime source of new wealth. Progressive tax rates do not chiefly redistribute income; they destroy income and redistribute taxpayers. Taxpayers move out of the productive economy and into tax shelters or overseas tax havens. They consume more and invest less. They make less money that way, thus presumably pleasing the distributionists, but they also create fewer jobs and less wealth for the entire economy.

Under conditions of stagnation, moreover, Government spending and taxation tends to increase as a proportion of GNP. With the investments and potential earnings of the rich redistributed out of the system, the less mobile middle class has to suffer a rising tax burden. This is the dead end of the redistributionist program. Less money is collected from the rich and more from the middle class, all in order to sustain social bureaucracies that keep the poor in a condition of dependency and extend poverty on into future generations.

The Reagan program does not focus on redistributing money but on expanding incentives and opportunities. All available economic evidence suggests that low marginal tax rates on earnings foster a more equal distribution of income than do direct programs of redistribution. Excessive welfare benefits and excessively progressive income taxation produce a stagnant economy in which the established rich keep their position by exploiting tax shelters, while the creation of new wealth is stifled. High marginal tax rates on real income and capital gains constitute a Government protection act for established wealth against new wealth.

The key to reducing inflationary pressures and expanding the distribution of opportunities and incentives in America is low marginal tax rates which will reward work relative to additional leisure, and saving and investment relative to additional consumption.

An all-intrusive Federal Government, trying to apportion all available goods and services, has never worked and it never will. In November 1980, the American electorate sent a clear signal that they did not agree with the old tax, spend, and redistribute formula to economic recovery.

I am as concerned about the deficit as my colleague from South Carolina. I support the constitutional amendment to balance the budget. But I will not be deluded into balancing the budget on the backs of the taxpayers because I do not believe we will ever reach our objective of returning to fiscal sanity. The only sensible way to reduce the deficit is to reduce spending. If you review that rate at which Government programs are growing—a rate which by far outdistances the salaries of the working Americans who must pay for them—you get a better prespective as to where the deficits have come from.

One need only look around the globe for proof that increasing Government control, further punishing our producers, and robbing everyone of incentives—in short socializing our economy—will not work.

Our system of democratic capitalism, based on the freedom and genius of the individual, with individual rights and responsibilities under representative government and the rule of law, was a unique and precious gift to the world. It has been handed carefully to us by our forefathers and it is ours to protect and nurture for the generations that are to follow.

Raising taxes on individual, hard-working American citizens is, at this point, tantamount to reverting to a system that was headed in the direction of sentencing every lower and middle class American to a life without opportunity.

Mr. LEAHY. Mr. President, I support the amendment of the Senator from South Carolina which directs the Finance Committee to raise a total of

$183 billion in revenues by 1985 as opposed to $107 billion as directed by the modified Budget Committee plan.

As much as I support reductions in the tax burdens of Americans and American business, I remain convinced that we simply cannot afford the full $750 billion in revenue reductions approved with the Economic Recovery Tax Act of 1981.

The staggering budget deficits, high interest rates, and record unemployment we now face are fundamentally related to last year's fiscally irresponsible tax act.

Mr. President, my support of this amendment does not mean that I will necessarily support legislation to repeal the third year of the tax cut.

Although I am convinced that additional revenues must be raised over the next 3 fiscal years, I believe decisions about the specific nature of those revenue-raising measures must be left to the discretion of the Senate Finance Committee.

Economic conditions next July may very well argue against repeal of the third year of the tax cut, and if so, I would expect the Finance Committee to recommend alternative and equal tax-raising provisions.

Mr. LEVIN. Mr. President, as illuminating as it may be to go into all of the economic reasons why the Hollings amendment should pass, it all comes down to the simple phrase, "Interest rates are too high, unemployment is too high, and deficits are too high." The most positive, clearly identifiable step we can take to deal with these problems is to defer the 10-percent tax cut which is scheduled to go into effect in July of 1983.

Some economists both inside and outside the administration are now predicting that unemployment could exceed 10 percent in the coming months. Deficits which under the Congressional Budget Office's most pessimistic economic scenario published in late February would be $157 billion in fiscal year 1983 and $208 billion in fiscal year 1985 are now estimated to be at least $182 billion and $232 billion, respectively.

The majority on the Budget Committee presented to the Senate their latest plan to deal with the problem of high interest rates, high deficits, and high unemployment. In place of the Reagan deficit of $91.5 billion for fiscal year 1983 which many called intolerable only a couple of months ago, it offers a deficit of $115.3 billion. By fiscal year 1985, the deficit would still exceed $64 billion. Mr. President, clearly this is not a plan which will instill faith in the markets and drive interest rates down.

The Senator from South Carolina does now offer us an amendment which in one stroke would significantly reduce the deficit. In fiscal year 1984 the deficit would be reduced from the committee's recommendation of $91.2 billion to $58.3 billion and in fiscal year 1985 from $64.2 billion to $28.2 billion. If the Congress wants to send a direct signal to the money markets that deficits are coming down, this is the amendment which will do it. It is about the only way, given this budget. If the Congress wants to show that it is ready to make the hard choices necessary on the budget which will allow the Federal Reserve Board to ease up on the money supply, this is the amendment which will do it. If the Congress wants to take one clear step which will help to revitialize auto sales and housing sales and lower interest rates for hard-pressed small businesses and farmers, this is the amendment which will do it. If we want to do something about the deficit other than talk about it, the Hollings amendment will do it.

The PRESIDING OFFICER. Who yields time?

Mr. GORTON. Mr. President, I yield the remainder of the time under the unanimous-consent agreement and additional time off the resolution as he may desire to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I think we have all heard the debate. I think we are about ready to vote. I am not going to delay the Senate.

I suggest we are going to have perhaps a better opportunity to discuss and debate the third year of the tax cut when we get a tax bill on the floor. I hope that will be within the next 2 or 3 weeks, and when we have this debate again, then we will be able to be specific.

I do not know how the Senator from South Carolina gets the first $101 billion or $107 billion. I do not know where that comes from before we eliminate the third year to make $183 billion in increased taxes. I do know if we add up the amendments that come from the other side over the next 3 years that would cause an additional $17 billion in spending, and I think there are about $17 billion more in amendments that have not been offered yet.

So we are talking about raising taxes on the one hand and increasing spending on the other hand.

So we want to take away a tax cut from the working people so that we can pay for more spending.

It is the hope of this Senator that we can reduce the growth of spending. We would like to do more than does this budget. If we had a few more votes we could do more. But I understand the politics of this.

We only have one President and his name is Ronald Reagan. Some of the rest of us went around the country saying, "if you are looking for a younger Ronald Reagan, here I am."

But the voters were not looking for a younger Ronald Reagan. He is the President. Maybe some here are gearing up and some will run for President. The Senator from Kansas is not, but maybe others in this Chamber are thinking about it. They may have a different idea about our tax policy. Maybe in 1984 or 1988 or 1992 or 1996 or the year 2000 one of those will be President and he can advocate and recommend certain policies.

But this President feels very strongly about the third year of the tax cut. The Senator from Kansas has flirted with the idea of moving indexing up in 1983 in place of the 10 percent. I do not believe that was highly regarded by some in the White House or by anyone in the White House that I can recall.

I just hope that we will have this battle at the appropriate place. If we are going to vote on the third year of the tax cut, then we should have a vote on leasing; we should have a vote on the minimum tax; we should have a vote on the sales tax; we should have a vote on everything that may be necessary to raise $107 billion plus the third year of the tax cut to make $183 billion.

So I hope that not withstanding my high regard for the Senator from South Carolina we will defeat this amendment at this time. There still is room, I might add, within the $107 billion, as Senator HARRY F. BYRD, JR., has pointed out, to take some action on the third year, and I must say that I would guess that action would be a lot closer than the vote this evening. We will get down to the nitty-gritty then and we have to make a choice whether we want to repeal leasing, modify leasing, or impose a minimum tax. I would guess someone in that committee is going to think about offering a substitute; rather than do all those hard things, they might reason: Why not do one easy thing and repeal the third year of the tax cut? That might be a very close vote in the Finance Committee. I hope not, but it could be a very close vote.

So it is the view of this Senator that we had a good discussion, and we have heard a lot of different ideas on what is wrong with the country. The problem is that the deficits are too big and the interest rates are high. This tax increase would in effect lower the deficits, but I do not think it is the right way to proceed. I would rather cut more spending and raise revenues as a last resort.

So do not give us any more to do in the Finance Committee. We are going to have enough difficulty trying to raise $107 billion, and I hope that all those here who would like to vote to raise $183 billion, are going to help me raise $107 billion. Because I have a feeling that some are going to vote for

this amendment who may not want to help raise even $107 billion when we get down to considering the tax bill.

So I hope that we could postpone action on the third year. It is more or less symbolic, and I am ready to vote against the amendment. I was ready to vote at 5 p.m., ready to vote at 6 p.m., and I am hopeful we will vote at 7 p.m.

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

The PRESIDING OFFICER. All the time has been yielded back.

The question is on agreeing to the amendment of the Senator from South Carolina.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. HAYAKAWA). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 32, nays 68, as follows:

[Rollcall Vote No. 132 Leg.]

YEAS—32

Andrews	Hart	Nunn
Biden	Hollings	Packwood
Bradley	Inouye	Pell
Bumpers	Jackson	Pryor
Burdick	Johnston	Randolph
Cannon	Kennedy	Sarbanes
Cranston	Leahy	Sasser
Dodd	Levin	Specter
Eagleton	Mathias	Tsongas
Exon	Matsunaga	Weicker
Glenn	Metzenbaum	

NAYS—68

Abdnor	East	Melcher
Armstrong	Ford	Mitchell
Baker	Garn	Moynihan
Baucus	Goldwater	Murkowski
Bentsen	Gorton	Nickles
Boren	Grassley	Percy
Boschwitz	Hatch	Pressler
Brady	Hatfield	Proxmire
Byrd, Harry F., Jr.	Hawkins	Quayle
Byrd, Robert C.	Hayakawa	Riegle
Chafee	Heflin	Roth
Chiles	Heinz	Rudman
Cochran	Helms	Schmitt
Cohen	Huddleston	Simpson
D'Amato	Humphrey	Stafford
Danforth	Jepsen	Stennis
DeConcini	Kassebaum	Stevens
Denton	Kasten	Symms
Dixon	Laxalt	Thurmond
Dole	Long	Tower
Domenici	Lugar	Wallop
Durenberger	Mattingly	Warner
	McClure	Zorinsky

So Mr. HOLLINGS' amendment (UP No. 973) was rejected.

Mr. BAKER, Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

Mr. DECONCINI addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. DECONCINI. Mr. President, I wonder if the majority leader would indulge me to ask a question of whether there is some dire need that we must pass this budget resolution today or tomorrow. I understand we have an agreement now to extend the time to the 30th of this month. I wonder what the press is that we do it tonight.

Mr. BAKER, Mr. President, I do not think we have to do it tonight. Indeed, I have just conferred with the minority leader and advised him that I thought it unwise to extend past 11:30 or 12 o'clock. I detect a growing accumulation of fatigue. All last year, in 12 months, we had only one all-night session and I am not inclined to ask the Senate to go twice in 1 week.

So we are going to try to go out at about 11:30 or 12 o'clock tonight. I would anticipate that we would come in at about 9 in the morning and attempt to finish the resolution during the day on Friday.

Mr. DECONCINI. Will the majority leader yield?

Mr. BAKER, Yes.

Mr. DECONCINI. Is there any reason why we cannot finish this next week?

Mr. BAKER. Mr. President, we have an urgent supplemental appropriation bill that must be dealt with and not only passed by the Senate but must be conferenced before the end of next week. I think the better part of discretion is to use Friday, which is a perfectly good workday, and late this evening to try to do that.

Could I inquire of the Chair how many hours are remaining on the resolution?

The PRESIDING OFFICER. There are 10 hours remaining.

Mr. BAKER. I think it is entirely possible to do that. By devoting another 4 hours tonight, that would leave 6 hours and 6 hours is not a staggering number of hours to utilize during the day on Friday. I would not expect us to be in, then, on Saturday. So I would say to my friend——

Mr. DE CONCINI. Will the majority leader yield? I hate to press the point. My question really has not been answered. Is there a sufficient dire need that we pass it even this week?

Mr. BAKER. I think there is.

Mr. DE CONCINI. Many of us have plans for tomorrow. We will cancel them and we will be here. I just do not see why this cannot be taken up next week. We extended it to the 30th. It is not like we extended it to the 24th or before. I would just ask and plead to the majority leader that the merits of staying in even until 11:30 tonight and doing it tomorrow just do not seem to be there in this Senator's opinion.

Mr. BAKER. Mr. President, I fail to see the reason why we should not work on Friday. And I am going to try hard to cooperate with my friends on that side of the aisle who have a conference tomorrow beginning at 2 o'clock, or leaving at 2 o'clock. I am going to try hard to accommodate that. But I have set the schedule so it should be possible for us to finish this resolution and to do it during a workday—that is, Friday—and still have ample opportunity for Senators to meet their obligations away from here.

Both sides have obligations, Republicans do and Democrats do, and they are literally a part of the legislative processes. There are these caucuses and arrangements we have where much policy is decided. I am as sensitive to that as anyone.

Once again I must tell my friend from Arizona that in addition to this measure, which I feel we still have time to pass during the regular working time this week, we have the urgent supplemental appropriations bill which will take a fair amount of time, which must be passed and conferenced before we go out on the Memorial Day recess which begins next Friday.

I believe we should try to arrange to complete this matter today and tomorrow. Once more, I do not intend to ask the Senate to remain all night. There is a good deal of sentiment for that, some on this side and some on the other side. But I feel the accumulation of fatigue is such that it would be unwise at this time.

Mr. McCLURE. Will the Senator yield?

Mr. BAKER. I yield.

Mr. McCLURE. I thank the Senator for yielding. We also have another matter to be acted upon next week, the International Energy Agency, in which many of my friends have an interest. The antitrust exemption expires next week. We have that legislation pending and we need to work on that next week. That also has to go to the House and be conferenced with the House and completed. There is some urgency in getting that done.

Mr. LONG. Will the Senator yield?

Mr. BAKER. I yield.

Mr. LONG. It is a suggestion which occurs to this Senator, to ask the majority leader if it might be possible to gain unanimous consent to reduce the number of hours that remain. As far as this Senator is concerned, they can have all of my portion of the time.

Mr. BAKER. I do not believe I will put that at this moment, but I thank the Senator for the suggestion. I certainly will take account of that as time goes by.

Mr. President, I would add to the list of things I would like to consider next week, which I think requires us to try to finish this measure, that there is perhaps a constitutional amendment on a balanced budget. I would like to get up the Voting Rights Act before we go out for the Memorial Day recess as well. Time is beginning to close in on us.

I regret to tell my friend that my judgment is that we should stay. I apologize to him and all the Members, but that is the best that I think can be arranged.

Mr. ROBERT C. BYRD. Will the distinguished majority leader yield to me?

Mr. BAKER. Mr. President, I am prepared to yield the floor. I understand the Senator from West Virginia, the minority leader, will offer an amendment. Is it correct that we can get a time limitation on this amendment?

Mr. ROBERT C. BYRD. As far as I am concerned, we can have a time limit of 15 minutes equally divided.

Mr. BAKER. Could I have just a moment?

Mr. ROBERT C. BYRD. It has already been discussed.

Mr. BAKER. Mr. President, could we have 10 minutes equally divided on this amendment?

Mr. ROBERT C. BYRD. I will try very hard.

Mr. BAKER. Mr. President, let me do that.

Mr. President, I ask unanimous consent that there be 10 minutes equally divided on the amendment by ROBERT C. BYRD, the minority leader, dealing with the third year tax cut.

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

UP AMENDMENT NO. 974

Mr. ROBERT C. BYRD. Mr. President, Senator HOLLINGS has just performed a major service to this body. His courageous efforts place the blame for the huge deficits squarely where they belong—with the extravagant and unfair Kemp-Roth tax scheme. His work is appreciated by every Senator. I voted against the amendment offered by my good friend with great reluctance, but I did so because the resolution itself increases taxes by $107 billion. A vote to defer the third year, in my judgment, would be simply to add $76 billion to that $107 billion, making it $183 billion in increased taxes.

What I propose to do is to call up an amendment, a sense of the Senate resolution, that provides as follows:

It is the sense of the Senate that in reporting legislation to achieve the $107.2 billion in revenues required under this Resolution, rather than impose new, regressive taxes on American taxpayers, the Committee on Finance should (1) defer the third year of the Kemp-Roth individual rate reduction until the current budget crisis has passed and interest rates have dropped to affordable levels, or (2) repeal the third year of the Kemp-Roth individual rate reduction and replace it with a fiscally prudent tax cut which distributes the benefits fairly to all working and middle-income Americans.

Mr. President, the $107 billion included in the budget resolution in increased taxes could come from many sources.

One possible tax increase is the repeal of the deduction for intangible drilling cost, which would destroy the oil and gas industry in West Virginia. This is a young and growing industry that provides jobs.

Another possible tax that could hurt our State is an across-the-board energy tax which would hurt oil, coal, and gas.

Another tax increase might be user fees on our waterways and ports, which would hurt the coal industry.

There are other taxes that could be imposed to make up the $107 billion included in the resolution before us. For example, there could be new taxes on disability payments for military personnel, veterans' payments, taxes on veterans' benefits, taxes on railroad retirement benefits, taxes on unemployment insurance, taxes on workmen's compensation payments, taxes on social security benefits, to name just a few.

There could be taxes on health insurance programs for workers, taxes on the GI bill student benefits, taxes on individual retirement plans, taxes on disability benefits, taxes on black lung payments.

So, Mr. President, we are talking about $107 billion in new taxes that do not now exist. In other words, Mr. President, we are voting a virtual blank check to raise $107 billion in new taxes on average people, in my own case on average West Virginia workers, farmers, small businessmen, and so on. These are people who have already been hurt and are now being asked to pay more.

I would say that to raise new taxes in the amount of $107 billion in the middle of a recession is the wrong way to go. It does not provide a solution to our fiscal crisis nor is it fair.

So, Mr. President, I offer this amendment so that the Senate may have an opportunity to vote to defer the third year of the Kemp-Roth tax cut as part of the $107 billion in new revenues called for by the resolution until the current budget crisis has passed and interest rates have dropped to affordable levels.

I am not saying to eliminate the third year. My amendment provides for deferral of the third year or replacement of it with a fiscally prudent tax cut that distributes reductions fairly to all working and middle-income Americans. The Kemp-Roth tax cut now provides that 40 percent of the benefits go to 5 percent of the taxpayers.

The Finance Committee could have the option of deferring the third year of the Kemp-Roth tax cut and thus avoid raising new taxes by $107 billion.

The third year—we are talking about $76 billion across 3 years—would be used as an offset against the $107 billion which will otherwise be raised in new taxes on workers, farmers, small businessmen, who are already heavily overtaxed.

Mr. President, I hope the Senate will vote for the amendment. I send it to the desk and ask that it be stated by the clerk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an unprinted amendment numbered 974.

At the end of the Resolution, add the following:

"SEC. . It is the sense of the Senate that in reporting legislation to achieve the $107.2 billion in revenues required under this Resolution, rather than impose new, regressive taxes on American taxpayers, the Committee on Finance should (1) defer the third year of the Kemp-Roth individual rate reduction until the current budget crisis has passed and interest rates have dropped to affordable levels, or (2) repeal the third year of the Kemp-Roth individual rate reduction and replace it with a fiscally prudent tax cut which distributes benefits fairly to all working and middle-income Americans."

Mr. DOLE. Mr. President, as I understand it, there is now a 10-minute limit. We have already had about 15 minutes before the amendment was sent up. We may need a little more time because the Senator from West Virginia raised questions about a number of taxes. I am not sure whether he is supporting all those taxes on workmen's compensation or unemployment compensation. Are they taxes he is recommending? Are they taxes he is concerned about, or what?

Mr. ROBERT C. BYRD. Mr. President, I thought I made my myself clear. Evidently, I did not.

I am saying that the $107 billion in the resolution constitute new taxes. I am saying that we do not know what they are going to be. We just give a blank check to add new taxes. I was giving some illustrations of new taxes that could be imposed to make up the $107 billion. I am opposed to those taxes. That is why I intend to vote against the resolution.

Mr. DOLE. Mr. President, I might say I do not recall that any of those taxes that the Senator mentioned might be under consideration. If he is suggesting some of those, we ought to look at them.

I also say I am very pleased that the Senator from West Virginia wants to help the oil people. We certainly could have used his help during the windfall profit tax debate a few years ago when we had to swallow that tax in West Virginia, Kansas, and other States across the country. It did not do a great deal to help small oil producers and small royalty owners across this country. So I am pleased we have the support of the Senator from West Virginia on that item.

Mr. President, I also indicate this is the same thing we just voted on. In effect, it has no meaning. I could ask the Parliamentarian but again, it is an effort to direct the Senate Finance Committee on what we should do.

Mr. President, could the Senator explain what is a fiscally prudent tax cut

which distributes benefits fairly? If the Senator has a list of those tax cuts, then we could probably discuss this amendment and enlighten Members of the Senate. Otherwise, it is nothing but political rhetoric.

It says "defer the third year of the Kemp-Roth individual tax rates until the current budget crisis has passed and interest rates drop to affordable levels."

Again, I think we need to flesh out the rhetoric to find out precisely what the Senator from West Virginia has in mind.

Mr. President, what taxes does the Senator from West Virginia want us to look at when we markup in the Senate Finance Committee? If we cannot cut spending, because the other side will not let us cut spending, what taxes does he want to raise on the American people, the people of Kansas and West Virginia? What taxes does the Senator from West Virginia want?

Mr. ROBERT C. BYRD. Mr. President, I am saying I want to see the third year of the Kemp-Roth tax scheme deferred.

Mr. DOLE. That is not enough.

Mr. ROBERT C. BYRD. That is $76 billion over 3 years. If the Senator will yield, I shall answer his first question, which he asked about the taxes that I said might be imposed. He seemed to wonder where I was getting the idea that such taxes might be imposed. If he wants to look on page 51 of the first concurrent resolution on the budget, he will see.

The list of tax expenditures in table 4 includes possible options for revenue increases. Other options for increasing revenues include expansion of excise taxes and a variety of possibilities for oil import fees and other types of energy taxes.

Then, on page 52 through page 61, there are several options suggested.

What I am saying is that I do not think we should use this blank check for $107 billion in increased taxes, many of which I have referred to and which are being discussed as possibilities. Why not simply tell the Finance Committee that in order to reach that figure of $107 billion, it defer the third year of the Kemp-Roth tax cut? That will reduce by $76 billion the amount of additional new taxes that would have to be placed on the American workers and farmers and small businessmen.

Mr. DOLE. Mr. President, I shall take 1 additional minute, because I think we understand his purpose. Obviously what the Senator proposes is to take that third year of the tax cut away from the working people in his State, my State, everyone else's State in this Chamber. They do not need the tax cut; we should not give them the tax cut; that is what the Senator from West Virginia is saying. He says defer on the third year of the Kemp-Roth tax cut. That is taking the tax cut away from workingmen and workingwomen all across this country.

Mr. President, I hope we shall treat this amendment as we did the last amendment.

There was a very basic tax policy change made last year. The President supports very strongly the third year of the tax cut. If the Senator from West Virginia wants to vote against the third year of the tax cut, there will be that opportunity when the Senate Finance Committee reports a tax bill. To direct what the Finance Committee should do in the first place has no binding effect and suggests that the Senate Finance Committee has no autonomy.

Mr. DOMENICI. Will the Senator yield?

Mr. DOLE. I yield.

Mr. DOMENICI. Mr. President, I want to make this point, that as chairman of the Budget Committee, I come down here after my committee has weeks of debate and suggest what the tax mix ought to be and I am confronted, quite appropriately, by the chairman and the ranking member of the Finance Committee saying it is their responsibility to decide and that we have to deal with the broad concepts and lump sum numbers.

I think, since this committee, which works long hours and is supposed to understand macroeconomics and look at the whole budget, is being bound regularly by that rule that we do not tell the committees what the tax mix should be, I think the Senate ought to follow that, not only when they adopt it for us, but all the time. I think that is fair to our committees.

Mr. DOLE. I would just say this, and then I yield the floor: I must assume, then, the Senator from West Virginia wants the big business corporations not to be taxed—let there be no minimum tax on big business or individuals who make a lot of money; not to modify safe harbor leasing—let physicians and lawyers put away $47,000 a year tax free while we are taking money away from food stamp families.

We are looking at a number of areas, I might say to the distinguished minority leader, in the Senate Finance Committee that improve equity in this country. I hope the Senator from West Virginia will help us in that effort.

Mr. President, does the Senator believe people ought to pay taxes in America?

Mr. ROBERT C. BYRD. Is the Senator asking me a question?

Mr. DOLE. Yes, Mr. President.

Mr. ROBERT C. BYRD. Yes, of course.

Mr. DOLE. Well, Mr. President——

Mr. ROBERT C. BYRD. If the Senator would wait for the rest of my answer.

Mr. DOLE. Certainly.

Mr. ROBERT C. BYRD. Mr. President, I would have been glad to be asked to help. I was not invited to the meeting between the President and the House Speaker. Democrats were not invited to the meetings that took place in 207 on yesterday. Only the Republicans were in that conference that brought out what amounted to a new budget package, scuttling the old one that had been before the Senate for 3 days.

The Senator speaks about the working people of West Virginia. The working people of West Virginia are entitled to a fair tax cut, but they did not get it with the Kemp-Roth tax cut. Forty percent of that went to 5 percent of the taxpayers in this country. That was not a fair tax scheme.

What I am saying here is that the Finance Committee, when it comes down to the point where it has to consider raising $107 billion in taxes, should consider the deferral of the third year of the Kemp-Roth tax cut or replace it with a tax scheme that would be fair and prudent and equitable to the working people of this country.

Mr. DOLE. Will the Senator tell us what that is?

Mr. ROBERT C. BYRD. The Senator is not telling us in this resolution what taxes are going to be raised.

Mr. DOLE. I did not offer the resolution.

Mr. ROBERT C. BYRD. The Senator wants us to give a blank check to raise $107 billion in new taxes, which could be a tax on social security payments, a tax on veterans' retirement benefits, a tax on railroad retirement benefits, and on and on.

Mr. DOLE. But the Senator from Kansas did not offer the resolution. Certainly if I offered it, I would try to tell the Members what I had in mind, what is a fair and equitable and just tax reduction.

Mr. ROBERT C. BYRD. The Senator from Kansas did not offer the resolution. I did not either. That resolution came out of the Republican conference on Tuesday in which the Senator from Kansas participated.

Mr. DOLE. The one the Senator just offered.

Mr. ROBERT C. BYRD. The amendment I am offering would suggest deferring the third year of the tax cut.

Mr. DOLE. But the Senator says it ought to be replaced with fiscally prudent tax cuts. Would you give me the particulars of that?

Mr. ROBERT C. BYRD. The Finance Committee is going to work that out, just as the Finance Committee is going to have to work out the $107 billion in new taxes.

Mr. DOLE. I thank the Senator. He has just made our case. Let us work it out. We will decide about the third

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year, and we will decide, hopefully, what is fiscally prudent. And when we come back to the floor, I hope we will have the support of the distinguished minority leader.

Mr. ROBERT C. BYRD. We may have, may not have. I shall have to wait and see what new taxes are proposed.

The PRESIDING OFFICER. The time of the Senator from Kansas has expired.

Mr. ROBERT C. BYRD. I wish I had the support of the distinguished Senator from Kansas.

Mr. DOLE. I am doing my best.

The PRESIDING OFFICER. Does the Senator from West Virginia yield back his time?

Mr. ROBERT C. BYRD. Yes.

Mr. DOMENICI. We yield back our time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD) is necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

The PRESIDING OFFICER (Mr. WALLOP). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 35, nays 63, as follows:

[Rollcall Vote No. 133 Leg.]

YEAS—35

Baucus	Exon	Melcher
Boren	Ford	Metzenbaum
Bradley	Glenn	Mitchell
Bumpers	Hart	Nunn
Burdick	Heflin	Pell
Byrd, Robert C.	Hollings	Pryor
Cannon	Huddleston	Randolph
Chiles	Inouye	Riegle
Cranston	Jackson	Sarbanes
Dixon	Leahy	Sasser
Dodd	Levin	Tsongas
Eagleton	Matsunaga	

NAYS—63

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

NOT VOTING—2

Hatfield Kennedy

So Mr. ROBERT C. BYRD's amendment (UP No. 974) was rejected.

Mr. ROTH. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOMENICI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 975

(Purpose: To add additional funds for the maternal and child health care block grant)

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

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Rhode Island (Mr. CHAFEE) for himself, Mr. STAFFORD, Mr. BUMPERS, Mr. PACKWOOD, Mr. SPECTER, Mr. MURKOWSKI, Mr. METZENBAUM, Mr. CRANSTON, Mr. MATHIAS, Mr. CHILES, Mr. MOYNIHAN, Mr. HEINZ, Mr. RIEGLE, and Mr. SARBANES proposes an unprinted amendment numbered 975.

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

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

The amendment is as follows:

On page 2, beginning with line 15, strike out through line 1 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,303,700,000 plus $25,500,000.

Fiscal year 1984: $897,006,200,000 plus $25,500,000.

Fiscal year 1985: $972,808,700,000 plus $25,500,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,603,700,000 plus $25,500-,000.

Fiscal year 1984: $832,306,200,000 plus $25,500,000.

Fiscal year 1985: $889,408,700,000 plus $25,500,000.

On page 3, beginning with line 2, strike out through line 21 on page 3 and insert the following:

(5) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.

Fiscal year 1983: $115,403,700,000 plus $25,500,000.

Fiscal year 1984: $91,306,200,000 plus $25,500,000.

Fiscal year 1985: $64,408,700,000 plus $25,500,000.

(6) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,103,700,000 plus $25,500,000.

Fiscal year 1984: $1,420,009,900,000 plus $51,000,000.

Fiscal year 1985: $1,533,218,600,000 plus $76,500,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,903,700,000 plus $25,500,000.

Fiscal year 1984: $127,906,200,000 plus $25,500,000.

Fiscal year 1985: $113,208,700,000 plus $25,500,000.

On page 14, beginning with line 25, strike out through line 25 on page 15 and insert the following:

(11) Health (550):

Fiscal year 1982:

(A) New budget authority, $78,500,000,000.

(B) Outlays, $73,700,000,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $79,503,700,000 plus $25,500,000.

(B) Outlays, $77,603,700,000 plus $25,500,000.

(C) New direct loan obligations, $100,000,000.

(D) New primary loan guarantee commitments, $100,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $92,206,200,000 plus $25,500,000.

(B) Outlays, $85,706,200,000 plus $25,500,000.

Fiscal year 1985:

(A) New budget authority, $103,608,700,000 plus $25,500,000.

(B) Outlays, $97,208,700,000 plus $25,500,000.

Mr. CHAFEE. Mr. President, this is an amendment which is offered on behalf of myself, Mr. STAFFORD, Mr. BUMPERS, Mr. PACKWOOD, Mr. SPECTER, Mr. MURKOWSKI, Mr. METZENBAUM, Mr. CRANSTON, Mr. MATHIAS, Mr. CHILES, Mr. MOYNIHAN, Mr. HEINZ, Mr. RIEGLE, and Mr. SARBANES. It deals with maternity and child health, adding an additional $25 million to the current suggested authorization or budget figure of $347 million. I would add $25 million for each of 3 years.

Mr. President, I would be glad to have a time agreement of 10 minutes equally divided.

Mr. BAKER. Mr. President, I make that unanimous-consent request.

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

Mr. BAKER. I thank the Senator.

Mr. CHAFEE. I am pleased to be offering an amendment to restore a modest $76.5 million to the health function for the maternal and child health care (MCH) block grant. This money would be distributed evenly over the next 3 years, so that funding for the program could be raised from the present level of $347.5 million to its authorized level of $373 million.

The maternal and child health block grant is an example of government at its best. The program provides desperately needed services to mothers, in-

fants, and children. It is relatively inexpensive, and it saves money in the long run. Moreover, it is a program in which Federal dollars and expertise promote a commitment to preventive health on the State level.

Last year, the program provided 1 million children with checkups, immunizations, and basic health services for hemophilia, genetic disorders, lead-based paint poisoning, and other disabling conditions. An estimated 1 million mothers received prenatal and perinatal care under the program. In most instances the recipients of services were poor. In many instances they would have received no help were it not for these programs.

Despite certain beliefs to the contrary, this country has a long way to go in its effort to assure that all pregnant mothers and children receive adequate care.

Mr. President, one of the shocking statistics I have run across in connection with preparing for this amendment is the high mortality rate for infants in the United States. One in every seventy-two babies, born in America dies within the first year. In the District of Columbia that figure is twice as high; 1 out of every 33 infants dies within the first year. I found that such a shocking statistic that I had it checked again, and that is what the statistics show.

There is no question that there is a direct correlation between infant mortality and the level of prenatal care and perinatal care for the mother.

Maternal and child health affects those levels of care. And we need to adequately fund it.

What we have done in this very modest addition is to try and recover some of the moneys that were cut from this program in the cuts made in 1982 from 1981. We cut that program by 24 percent from $457 million in 1981 to $347 million in 1982.

As I say, this would add $25.5 million for each of the next 3 years making it $373 million.

Mr. President, I do not think there is any argument against this. This rather modest effort to restore funding for it is desperately needed. Reports from around the country of the effects of prior cuts are alarming.

In my own home State, a number of services have already been cut; and Rhode Island's program has fared better than many. We have had to reduce the number of sites which provide primary, pediatric, preventive care. We have had to collect fees for maternal and child health care services, and this has driven some of those who most need care from seeking it.

Our genetics counseling program has undergone a dramatic restructuring which, again, will mean that fewer people will be served. This, in light of a GAO study which showed that the cost of genetic screening, along with early treatment of seven common disorders, was less than one-eighth of the costs of caring for an impaired child over a lifetime.

In other portions of the country, clinics have been closed and only those mothers at the highest risks are receiving help, and projects aimed at reducing birth defects and lowering infant mortality have nearly been eliminated.

A humane and enlightened society is one which is willing to commit at least modest resources to assuring proper health for infants and children. Such a commitment represents a sense of compassion and vision in an area in which the expertise exists to make much greater progress than we already have. Our commitment can, in its barest form, be seen as a good investment.

In my remarks yesterday in support of my colleague from Arkansas' effort to add moneys for the immunization program, I alluded to the rising costs of health care in this country. I need not recite the statistics, but the fact is, costs in this realm are outpacing those in virtually every other sector.

Medicare costs are expected to double by the end of the decade to nearly $100 billion; 9.8 percent of our gross national product went for health care expenditures in 1981. Most of that was for hospital costs.

It is about time we changed our priorities and laid emphasis on preventing disease and keeping people, especially children, out of hospitals and other institutions. Here is a program which represents such an effort.

A study done in Texas showed that $1 spent on preventive health for children could save $8 in long-term costs. It has been estimated that prevention of retardation in a mere 10 cases could save $15 million, to say nothing of the untold misery that families would be spared.

Opportunities like this cannot be overlooked. I know that my colleagues share this view, and I hope and trust that you will support this amendment.

I reserve the remainder of my time.

Mr. President, I am prepared to proceed with a voice vote if none of the time is being utilized.

Mr. DOMENICI. Mr. President, I was not here when Senator BIDEN, the distinguished junior Senator from Delaware, discussed the modification of Senate Concurrent Resolution 92 which was submitted in behalf of the majority of the Budget Committee through our leader yesterday. In discussing the modification, he listed many add-ons which were included in the resolution. I do not want to burden the Senate with why they were made, but there are two issues, the one discussed here and the WIC program in function 600 which explain why we made these additions.

With respect to WIC, the problem involved the use of a freeze on budget authority for appropriated programs which included reductions due to deferrals.

Of course, as soon as the deferral time is passed, spending can occur at the old rate. However, in the case of WIC, we froze the account at the lower level.

This amendment demonstrates for the record that many of the additions that the Budget Committee agreed to were cases where the deferral was temporary and the higher level was justified.

In the case of the maternal and child health block grant, this program is a major source of funds to provide cost-effective care to mothers and young children. This addition is justified and it does not materially change the budget totals for function 550. While it does not assure funding, since the Appropriations Committee has complete discretion in funding programs, it does indicate the concern of the Senate over funding of this program.

We are going to accept this amendment and I commend the Senator from Rhode Island for bringing this issue to our attention.

Senator CHAFFEE is very concerned about this account, along with a number of other Senators on both sides of the aisle. His amendment will make it eminently clear that they are concerned. They want the highest possible level of funding through the Appropriations Committee. But it will not add any real dollars to the budget resolution because of the size of the amendment.

With that explanation I am prepared to yield back the remainder of my time, and, if there is no one else seeking recognition, I will agree to accept the amendment.

Mr. CHAFFEE. Mr. President, I ask unanimous consent that Senator LEVIN be added as a cosponsor.

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

Mr. DOMENICI. Mr. President, I ask unanimous consent that Senator HAWKINS be added as a cosponsor to the Chaffee amendment.

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

Mr. RIEGLE. Mr. President, I am pleased to cosponsor this amendment to fully restore veterans' benefits as proposed by the Senator from Florida, Mr. CHILES.

I do so because the Republican modified budget is patently unfair to millions of men and women who have so well served this country. The modified budget yesterday partially corrected a shortcoming of the committee's reported budget by restoring a total of $2.1 billion over the next 3 years for veterans health and disabil-

ity compensation. However, it still falls short by a total of $3.8 billion of the amount needed to help veterans stay even with inflation. A full inflation adjustment would require the addition to the modified budget of $0.8 billion in fiscal year 1983, $1.2 billion in fiscal year 1984, and $1.6 billion in fiscal year 1985. This budget now falls far short of meeting the deserved needs of our honorable veterans.

Mr. President, the policy proposed in this modified budget, which is recommended by our colleagues on the other side of the aisle, would force veterans to have their pensions actually reduced on a monthly basis. You see, under current law, social security benefits are fully countable as income under the Veterans Pension Act. Therefore, a veteran's pension benefit is reduced dollar for dollar by the amount of the social security increase. This means that veterans, unlike other retired people, would not benefit from the cost-of-living adjustment in social security, in fact veterans would actually lose income on a real basis because their combined benefits would be frozen and eaten away by inflation.

Mr. President, I ask that a brief report by the Congressional Budget Office describing this inequity be printed at this point in the RECORD.

Mr. President, I would also point out the particular need to restore the cuts that program is fully funded, thousands of veterans' hospital beds will close, 13,000 employees will be laid off, and 76 newly constructed nursing homes and hospitals due to be activated will be canceled.

I, therefore, urge my colleagues to join us in support of this amendment and to make it clear that the Congress will not seek to balance the budget by depriving veterans of the benefits which they richly deserve.

Mr. President, I ask unanimous consent that several letters in support of this amendment be printed in the RECORD.

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

MAY 18, 1982.

Memorandum to: Senator Donald W. Riegle.
From: Nina Shepherd, Congressional Budget Office.

Pursuant to your telephone request, an explanation of the interaction of veterans' pension (as authorized by Public Law 95-588) and social security benefits is detailed below.

Pension benefits to eligible veterans and their dependents and survivors are determined by reducing the appropriate statutory benefit rate by the amount of the recipient's annual income and, with certain exceptions, the annual income of the recipient's family members. Since social security benefits are fully countable as income under the Public Law 95-588 pension program, a veteran's pension benefit is reduced dollar-for-dollar by the amount of his/her social security income.

Under current law, benefit rates for Public Law 95-588 pension are increased whenever social security benefit rates are increased (pursuant to section 215(i) of the Social Security Act) and by the same percentage of increase.

Should legislation be enacted prior to June 1, 1982 to delete or amend section 3112 of title 38, U.S.C. in order to detach veterans' pension rates from social security's automatic COLA's, the following situation would ensue:

Social Security benefit rates would be increased by 7.4 percent.

Veterans' pension rates would not increase.

Pension beneficiaries who also receive social security income would experience no change in their combined income from both sources.

Example:

A veteran with no dependents:

Prior to June 1, 1982:	
Statutory pension rate	$4,960
Assumed social security income	−2,000
Annual pension benefit	2,960
After June 1, 1982, with no change in law:	
Statutory pension rate	5,327
Assumed social security income	−2,148
Annual pension benefit	3,179
After June 1, 1982, assuming legislation described above:	
Statutory pension rate	4,960
Assumed social security income	−2,148
Annual pension benefit	2,812

MILITARY ORDER OF THE PURPLE HEART,
Detroit, Mich., May 18, 1982.

Senator DONALD W. RIEGLE, Jr.,
McNamara Building,
Detroit, Mich.

DEAR SENATOR RIEGLE: I understand that the issues on veteran's benefits and services will be heard on the floor today and wish to submit my opinions on such.

I personally feel that the proposals suggested by the committee will be detrimental to all veterans and their dependents.

These proposed freezes and cuts to veterans programs and services will cause severe hardship and depression among all veterans and their dependents. The veterans are already suffering due to cuts of past and any more changes to their programs will create unfair and discriminatory practice because other COLAS are not being acted against the way the veterans groups are.

I am totally against the committees recommendations and will take a firm stand to stop any committee actions against veterans benefits and services.

Sincerely yours,

J. CRAIG GLYNN,
MOPH/Director,
Regional Office.

AMVETS,
SERVICE DEPARTMENT,
Detroit, Mich., May 18, 1982.

Senator DONALD RIEGLE,
Detroit, Mich.

DEAR SENATOR RIEGLE: The purpose of my letter is to voice my consternation concerning the so called "discressionary cuts" in the area of V.A. medical and hospital care, and the discontinuance of the "Cost of Living" increases for V.A. Compensation benefits. As a life time resident of the state of Michigan I have never witnessed a period when the V.A. hospitals have been in greater need. A great number of our auto-workers and those with related jobs are veterans who utilize these facilities, especially during hard times.

We are fortunate to have Mr. Al Zambarline as our Regional Medical Director and Mr. James Donachie as Medical District Director as these men have on many occasions gone that one step further to provide good health care to the veterans that they represent.

I am sure that it is thru their efforts and the combined efforts of the service organizations in the State of Michigan that we have maintained a quality of care second to none.

This quality care must be maintained not only for our present veterans but for those of the future who are expected to sacrifice for this country.

This brings us to the subject of discontinuing the cost-of-living increases for compensation benefits. These benefits are paid only to those individuals who were injured or exposed to disease in the service of their country. To deny them would be a declaration that their sacrifice was frivolous.

Oh yes, there are those who would accuse me of trying to protect another sacred cow. Perhaps I am doing that but all must realize that if it were not for those who made a sacrifice for America that there would be no sacred cows to protect.

Those veterans were inspired by those who swore that they and their dependents would be cared for by an appreciative government only to face cutbacks when support is needed most.

I support any efforts by your office to insure the continuation of V.A. medical care, compensation and pension as it is time to serve those who have served us.

I thank you in advance for your sincere interest in these very important matters.

Sincerely,

DAVID F. WANDRIE,
Amvets Assistant Service Director,
Amvets National Service Officer.

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., May 19, 1982.

Hon. DONALD W. RIEGLE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RIEGLE: It is my understanding you intend to cosponsor the floor amendment to S. Con. Res. 92 to be offered by the Honorable Lawton Chiles to increase the Veterans Administration budget for the fiscal year 1983 from $23.4 billion in budget authority to $24.7 billion and outlays from $22.7 billion to $23.8 billion. This amendment would square with the recommendations of the Senate Veterans' Affairs Committee to the Senate Budget Committee in every respect except that the cost-of-living increase for VA beneficiaries would be 7.4 percent instead of 8.1 percent and also, to exempt the Veterans Administration from the proposed freeze at the 1982 levels the funding of non-defense discretionary appropriated programs in 1983 and the two subsequent fiscal years.

As you are aware, S. Con. Res. 92 proposed no cost-of-living increase for VA beneficiaries in the fiscal year 1983 and freezing subsequent increases to 4 percent. Freezing the Veterans Administration discretionary appropriations account at the 1982 level through the fiscal year 1985 would, in our opinion, necessitate closing an undetermined number of VA health-care facilities, reducing personnel in the Department of Medicine and Surgery by some 13,000, relo-

cating thousands of VA patients and personnel, and canceling the scheduled activation of 76 newly constructed projects including nursing home care units and replacement hospitals.

On behalf of the more than 2.5 million men and women of the Veterans of Foreign Wars of the United States and our Ladies Auxiliary, know that you have my full support for this amendment and that my overriding concern is the exemption of the VA discretionary appropriation account from the freeze and restoring the funding necessary to maintain the integrity of the VA hospital and medical care system.

Sincerely,

ARTHUR J. FELLWOCK,
Commander-in-Chief.

DISABLED AMERICAN VETERANS,
NATIONAL SERVICE AND
LEGISLATIVE HEADQUARTERS,
Washington, D.C., May 14, 1982.

Hon. DONALD W. RIEGLE, Jr.,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR RIEGLE: The Senate will soon begin debate on the First Concurrent Resolution on the Budget—S. Con. Res. 92.

This measure, as reported by the Senate Budget Committee, substantially reduces the President's Fiscal Year 1983 request for VA medical care funding and fails to provide any cost of living adjustments for VA compensation and pension beneficiaries.

When this measure reaches the Senate floor, Senator Lawton Chiles will be offering an amendment to restore the needed funding for VA health care and cost of living adjustments.

As you probably well know, the VA health care system has taken the brunt of budget cuts time and time again and we in the DAV strongly urge you to join in the effort to cease these senseless proposals that endanger the quality and quantity of medical care the VA will be able to provide this nation's veterans in Fiscal Year 1983.

Further, the Senate Budget Committee proposal fails to provide a cost of living adjustment in VA compensation and pension benefits. The DAV has attempted to deal fairly with the COLA question in all federal programs and we have expressed our views to the Senate Budget Committee Chairman.

It is our belief that the Congress must deal with this situation in an evenhanded fashion and treat all federal programs equally. Service-connected disabled veterans, like all Americans, suffer from the same ravaging inflation and should be treated at least equally with all other federal beneficiaries.

Therefore, on behalf of the more than 715,000 members of the Disabled American Veterans, I respectfully request your support and vote for the Chiles' Amendment to restore VA medical care funding and provide a cost of living adjustment for service-connected disabled veterans and their families.

Sincerely yours,

SHERMAN E. ROODZANT,
National Commander.

HEALTH BUDGET CUTS

Mr. BRADLEY. Mr. President, last year's two rounds of budget cutting, first through the reconciliation legislation and then through the continuing resolution at year end, left much of the acclaimed "social safety net" in tatters. Nowhere has the damage been worse then in health care, and nowhere have the program cuts been more ill advised and, in the long run, costly.

Diseases and disabling conditions prevented are hard to cost out in budgetary terms, but the benefits should be clear to everyone. Early treatment of an illness is less expensive, both in human and in monetary terms, than delayed treatment. Yet last year the administration pushed for and got budget cuts in medicaid, the childhood immunization program, and the preventive and primary care program for mothers and children—all to shave a very modest amount of dollars off a budget deficit of over $100 billion.

This year, facing the prospect of skyrocketing budget deficits as a result of the failure of its supply side economic policies, the administration came back to Congress with still more proposals to cut even deeper into these health care programs. Medicare, the health care program on which so many of the Nation's elderly depend, was no longer exempt, apparently no longer part of the safety net. Medicaid, already tightly squeezed by last year's cuts, was slated for massive new reductions in benefits and changes in eligibility. In both programs the administration's tactic was not to save dollars by controlling costs and reforming the system but merely to shift the costs to someone else—to State governments, to local governments, to private insurers, to the elderly, to the disabled, and to low-income women and children. Meanwhile, the administration talked about competition in health care and New Federalism.

Mr. President, many of the administration's proposed cuts in these health programs have been recognized as unwise and inappropriate. To wreck more havoc on individuals in need of health care only to shave a modest amount from another record deficit makes no sense. The budget Committee's spending reductions for these health programs would require significant changes in eligibility, cuts in benefits and dramatic increases in out-of-pocket costs to the poor and elderly beneficiaries.

First in terms of equity, I question the appropriateness of continued reductions in health program funding after two rounds of substantial cuts last year. Must a large proposed deficit be reduced by further restricting care for those most vulnerable in society, the old, the poor, and the young? Must we diminish the deficit by failing to invest in the human capital so necessary for economic prosperity in the next generation?

My opposition to the program cuts required by this budget resolution does not mean that I am unconcerned about continued uncontrolled rises in health care costs, and the accompanying inflationary increase in the costs of these programs. Responsible and effective control of medical care costs must be accomplished. If the proposed budget were as vigorous in pursuit of health cost care containment as it is in depriving people of needed medical care, the deficit next year and for years to come would be reduced. Investments in cost containment today can produce dividends tomorrow; deferring care for those who can benefit will cost more tomorrow.

Mr. President, I will review the effects that are already apparent from cuts already administered to health care. These early experiences can be regarded as ominous.

When changes were made in the medicaid program last year, it was expected that States would increase their contributions to the medicaid program as Federal aid diminished. Exactly the opposite has occurred. Over one-fifth of States have reduced their contributions by severely limiting the number of hospital days to which a medicaid patient is entitled—many to as few as 10 to 20 days per patient in a year. Over two-fifths of the States eliminated optional services such as drugs, eyeglasses, and foot care. A fifth of the States have cut services to the medically needy or for those on general assistance.

Many of the sick and poor have dropped from medicaid eligibility, leaving only the most destitute and the most vulnerable eligible for the limited services remaining. Even before these cuts, only one of every two families at or near the poverty level were medicaid recipients. Surely we can agree that the poor have contributed enough to reducing the deficit. Even with no further changes, the 4-percent reduction in medicaid payments to States already in place assures an 18-percent reduction in real dollars to the States considering the 14-percent rate of inflation in health care costs.

The aged too are being asked to sacrifice. Last year more cost sharing by beneficiaries was required and cost-free days of institutional care were reduced. This year's proposals contain further requirements for cost sharing for home care and provide for rapid escalation in the deductibles which must be paid out of pocket. At the same time, some budget cutters have proposed reductions in the cost-of-living adjustments for social security beneficiaries. In this uncertain period, when the aged have so recently suffered the ravages of inflation on a fixed income, further required out-of-pocket expenses for the sick aged is unjust.

Mr. President, we are all concerned about the economy and the future. One way to assure a healthy and able work force in the future is to assure good health for the young and for pregnant women. This is also a means

of containing health care costs—nowhere can prevention return a greater dividend than when it is provided to the young and to their mothers. It is puzzling, Mr. President, that in an administration that is such a strong advocate of prevention in health care, the budget so compromises programs aimed at prevention.

The most obvious compromise is the request for immunizations. With a continued growth in the number of children under 6 and a 40-percent inflation in cost of vaccines, far fewer children will be immunized under the proposed budget. If these immunizations are not done, we will experience a reappearance of polio, measles, German measles as occurred in the 1970's. We will pay for illness care, long-term complications, and for vaccination all at a higher cost. German measles vaccinations for child-bearing women is also dramatically cost beneficial as a prevention measure, protecting babies from the high risks of deafness or heart defects and protecting pregnant women from miscarriages.

Last year 30 percent was cut from the programs in the maternal and child health block grant. Similar cuts were required of community health centers and family planning programs. Each of these programs directly affects maternal and child health.

What have been the results? Forty community health centers have closed and 120 more are expected to close by this year's end. Similarly many special maternal and child health clinics have shut their doors and those that remain have cut back services. All this is occurring on top of medicaid cutbacks which have caused 661,000 children and their mothers to lose access to medical care. Mothers remaining eligible pay a greater share of the cost for the services they and their children receive. It is clear that there has already been substantial reduction in maternal and child health services; this service loss will have adverse effects and must cost more in long-term poor health. The additional program cutbacks that would be required under the proposed fiscal year 1983 budget would surely have further deleterious effects.

Finally, there is the WIC program, whose aim is to provide adequate nutrition to pregnant women, infants, and children. The most harmful and shortsighted proposal in the administration's February budget was to fold the WIC program into the maternal and child health block grant and reduce funding by $300 million. The WIC program has been shown to reduce the number of low birth weight infants. It is one of our most cost beneficial programs, saving $3 for every $1 spent in feeding pregnant women.

It is neither prudent nor wise to reduce the money for food and leave to chance whether States will provide food at all. Further proposals to expand the block grant by including migrant health and black lung programs and freeze total appropriations can only severely impair the health of future generations. Money "saved" now will be paid many times over in years to come.

Mr. President, I do share the growing concern for health care costs and for the size of the budget deficit. But I do not believe that we can afford to reduce that deficit by further reducing access of the poor and the aged to medical care. It also makes no sense to defer expenditures as for immunization and nutrition, knowing that one day soon we will have to provide these services but at a higher cost.

That does not mean we can afford to waste money. We must eliminate unnecessary care and assure that the care that is provided is appropriate, of good quality, and economic. Yet because we have not taken effective cost containment measures, we must now look to short-term measures which will help contain health care costs and move us in the direction of equitable payment for appropriate care.

To be certain that care received is appropriate, we must improve and continue utilization review and peer review. Both programs are cost beneficial. GAO has shown that for every $1 spent in utilization review by intermediaries, $26 is saved. Yet reduced funding for these programs has cut these cost containment efforts. This is cost saving of the most shortsighted type. Similarly, many PSRO's have been shown to be cost beneficial.

With the elimination of less effective PSRO's, the savings should be even greater. In addition, PSRO's have improved the quality of medical care, resulted in shorter lengths of stays for patients in hospitals and less frequent hospitalizations. Such changes in the way patients are cared for has a long range impact on medical practice and on medical savings.

Most important are measures which assure that care is provided economically. To attain this goal, we must move to a uniform, clearly defined and just manner of hospital reimbursement. Ten States have experimented with prospective reimbursement of hospital charges. Maryland and my State of New Jersey have established a diagnosis-related payment system for all hospitalization whether paid for by medicare, medicaid, or private insurance.

Such systems, while complex to develop, provide equitable treatment of hospitals and assure fiscal stability by providing predictable and prospective funding and by accommodating any mix of patients. To move toward eventual effective prospective reimbursement, we should adopt short-term changes in the formula for physician and hospital reimbursement under medicare. We should also encourage the development of hospital rate commissions in each State so that predictable and equitable reimbursement can occur under both medicaid and medicare.

Cost containment and reform of our health care system, rather than cost shifting and erecting cost barriers to discourage the elderly and low income mothers and children from making use of health care services—this is the approach which has guided the amendments on medicare and medicaid offered by Senators KENNEDY, MELCHER, MOYNIHAN, and RIEGLE; on childhood immunizations and maternal and child health offered by Senators BUMPERS and SARBANES; and on WIC offered by Senators LEAHY and HOLLINGS.

I endorse this approach and I shall work with my colleagues in the Finance Committee and with the hospitals, physicians and other health care professionals, and other health care providers to assure that good care is provided to those Americans who need it and that the health services are paid for in a fair and appropriate manner.

Mr. President, health is a very precious good. The health of the American people is a proper concern of Government. By our programs of prevention and treatment we help to promote a healthier and therefore happier populace. Let us not falter in these efforts.

Mr. CHAFEE. I move passage of the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. CHAFEE. I yield back our time.

Mr. DOMENICI. I yield back our time.

The PRESIDING OFFICER. All time is yielded back, and the question is on agreeing to the amendment of the Senator from Rhode Island.

Mr. CHAFEE's amendment (UP No. 975) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. CHAFEE. I would like to thank the distinguished chairman of the Budget Committee for his support and assistance in this matter.

Mr. DOMENICI. I want to commend the distinguished Senator from Rhode Island (Mr. CHAFEE) for his work. It is a pleasure to work with him as it was to work with him on this amendment and with his cosponsors.

It is my understanding that we now go back to the other side of the aisle. The amendment that will be called up is an amendment by the distinguished senior Senator from Florida and it pertains to veterans.

I yield to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida.

UP AMENDMENT NO. 976

(Purpose: To provide funding for full cost of living adjustments for veterans pensions and disability compensation, and to provide the President's January budget request for veterans medical facilities)

Mr. CHILES. Mr. President, I send an amendment to the desk on behalf of myself, Mr. MITCHELL, and others, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida (Mr. CHILES), for himself, and others, proposes an unprinted amendment numbered 976.

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

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

The amendment is as follows:

On page 17, beginning with line 15, strike out through line 4 on page 18 and insert the following:

Fiscal year 1983:

(A) New budget authority, $24,700,000,000.

(B) Outlays, $23,800,000,000.

(C) New direct loan obligations, $1,000,000,000.

(D) New primary loan guarantee commitments, $20,900,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $26,000,000,000.

(B) Outlays, $25,200,000,000.

Fiscal year 1985:

(A) New budget authority, $27,100,000,000.

(B) Outlays, $26,900,000,000.

On page 27, lines 1 through 7, strike all after "tee" and insert in lieu thereof: "sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1983; to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1984; and to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1985.".

On page 30, lines 3 through 9, strike all after "tee" and insert in lieu thereof: "sufficient to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1983; to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1984; and to reduce budget authority by $150,000,000 and outlays by $150,000,000 in fiscal year 1985.".

Mr. CHILES. Mr. President, I am pleased to offer this amendment on behalf of myself and Senator MITCHELL, who has taken the leading role for the Veterans' Affairs Committee, and for Mr. DECONCINI, Mr. CRANSTON, Mr. BENTSEN, Mrs. HAWKINS, Mr. SASSER, Mr. MATSUNAGA, Mr. BIDEN, Mr. RIEGLE, and Mr. RANDOLPH.

Mr. President, there are three key policies that are embodied in this amendment. First, we would restore funds to allow the full cost-of-living adjustment for veterans pensions and compensation payments; second, we would fund the veterans hospitals and clinics at the level of the President's January budget request; and, third, we assume only the $150 million of legislative savings which the Veterans' Affairs Committee recommended in its March 15 report to the Budget Committee.

I would like to talk, first, about the cost-of-living adjustment for pensions and compensation. I think it is entirely unfair to cut these when we are not exerting Government-wide restraint on COLA's. We have already made it clear we are not going to cut COLA's for social security recipients, and that we are not going to cut them for food stamps, SSI, or other vital programs.

So I think we have to ask ourselves who are the recipients of veterans' pensions and compensation? In the case of pensions, Mr. President, it is only the low-income retired veterans. That is a key reform that we made several years ago. They simply do not have and cannot have the resources to pay for the increased cost of food, fuel, and housing. If they have those other resources, they are not entitled to the pension to start with.

The Consumer Price Index and the costs it represents are slowing down and, fortunately, that will save some money in the program. But the costs are still there, and those veterans on pensions are going to have to pay them.

The other recipients we would be cutting are the 2.6 million disabled veterans and their widows and dependents who receive compensation. Once again, these are the people who have given of their bodies and health in the defense of our country, and thereby they have impaired their ability to support themselves.

I believe a disabled veteran should have a top priority claim on our limited resources, and certainly they should get the same 7.4 percent COLA that a social security recipient would get or a recipient of SSI would get. Those are people who are low income. They are people who are dependent but here you are saying, "If you are low income and you are a veteran, you are not entitled to that cost-of-living adjustment."

Our second major concern is the level of funding for veterans' medical facilities, for the hospitals and clinics which are directly operated by the VA.

The President's January budget was a barebones request, and by his own calculations he asked for $200 million less than the level necessary to continue current service levels. That means that the VA would have to swallow some staff salary increases. They would have to hold off some planned improvements in drugs and equipment, and they would be squeezed on meeting their increased caseload requirements.

I supported the President's January request as a prudent way to meet the minimal needs of the VA hospitals and clinics and still restrain the Federal budget. However, this new package, which the President has now negotiated with the Budget Committee majority, falls far short of the minimum needs for veterans' medical care.

The budget resolution is at least $500 million below the President's January request, and $700 million below the current service level calculated by the administration. Our amendment, therefore, restores medical care funding to the level requested by the President in January. That adds about $130 million to the Budget Committee's baseline.

Finally, we do offset the necessary cost increase in medical care by assuming $150 million of legislative savings which the Veterans' Affairs Committee has said it can achieve without serious harm. We take them at their word and assume $150 million of savings in each of fiscal years 1983, 1984, and 1985.

Since the means to such savings are largely unspecified, we modified the reconciliation instruction to leave the Veterans' Affairs Committee full discretion as to which program to change. The Budget Committee's instruction would have come strictly from entitlements.

We also join the Budget Committee in assuming management savings from increased asset sales and VA mortgages. This is something the administration has announced it will do. It requires no legislation, and it does not affect the cost of housing to the veterans. These savings allow us to reduce the deficits substantially by bringing the veterans function over $900 million below the Budget Committee baseline.

Mr. President, the distinguished chairman of the Veterans' Affairs Committee has put out a letter in which he tells us that the modified Republican package now would take care of COLA's for compensation payment to disabled veterans. I would like to say for the record on that point in dollar terms they only restore $442 million or 12 percent out of $3.3 billion of cuts in compensation. To me, Mr. President, that is just a token approach. More important than the dollars, however, are the people who are going to be hurt. Only 12 percent—I repeat that, 12 percent—of the current recipients would get even the 4 percent COLA under the chairman's proposal. That means over 2 million disabled veterans are going to lose their COLA entirely.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from Mr. Sherman E. Roodzant, the National Commander of the Disabled American Veterans, which points out that the people cut out under this proposal would include vet-

erans who have lost an arm or a leg as a result of their service, veterans who have lost an eye, or a part of their skull, or numerous other disabling conditions.

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

DISABLED AMERICAN VETERANS,
Washington, D.C., May 19, 1982.

Hon. LAWTON CHILES,
437 Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR CHILES: We have just learned of the Senate Leadership Budget Compromise relative to the First Concurrent Resolution on the Budget for Fiscal Year 1983.

In this connection, I wish to inform you that the Disabled American Veterans is opposed to that portion of the proposed compromise dealing with veterans' programs and services. We find it appalling that the authors of the so-called Compromise Budget would exclude from benefit increases some 1.9 million of the 2.3 million service-connected disabled veterans currently on the VA rolls. Similarly, no widows or orphans of veterans who died from service-connected disabilities would be provided a cost of living adjustment in their benefits.

A closer look will show that under the compromise proposal, benefit adjustments would not be provided to:

Some 20,000 of the 24,583 service-connected veterans who have suffered the amputation of an arm or leg;

Veterans who suffer the anatomical loss or loss of vision in one eye;

Veterans who have suffered head injuries resulting in the loss of skull area larger than two square inches; and

Hundreds of thousands of other veterans who suffer various disabilities ranging from the loss of muscle tissue from gunshot wounds to respiratory conditions suffered by former prisoners of war.

Considering these facts, Senator Chiles, I know that you and your colleagues would not impose even further sacrifices upon America's wartime service-connected disabled veterans, their dependents and survivors.

On behalf of the 715,000 members of the Disabled American Veterans, I strongly urge you to pursue the adoption of your amendment which would provide for an equitable adjustment in the benefits provided to all VA beneficiaries.

Sincerely yours,

SHERMAN E. ROODZANT,
National Commander.

Mr. CHILES. Mr. President, I appreciate the good intentions of Chairman SIMPSON in trying to work out a reasonable compromise, and I think he worked to add back some of the funds cut by the Budget Committee. Unfortunately, I do not think this proposal meets the basic needs of veterans who have given up their health and livelihood in the service of their country.

The chairmen of the Budget Committee and the Veterans' Affairs Committee are saying they have modified the resolution to provide the President's request for veterans' medical care. However, they failed to take into account the $130 million loss from the Budget Committee's assumption that 54 percent of the pay freezes will be absorbed. The Congressional Budget Office has confirmed that they are short that $130 million.

I want to make two points about what the so-called "absorption means." First, it means that if your pay costs are $100 million you only get an appropriation of $46 million; you therefore lose $54 million that has to be made up by laying off staff, or otherwise cutting back on services. So the failure to provide that $130 million means you are cutting medical care.

The second point—and this is the most critical—is that the President's budget had already cut VA medical services $204 million below the amount they needed to continue their current level of service. Of that amount, $64 million would already be required in the absorption of personnel costs; and another $49 million from delaying the activation of new facilities; $35 million from delaying maintenance and repair projects, which means poorer facilities. Another $20 million would come from holding off the use of improved drugs and from increasing the intensity of use of existing facilities with increased caseloads. These numbers were provided to us by the Congressional Budget Office in consultation with the Veterans' Administration, and they show just how tight the President's January budget request was.

I do not see how the VA hospitals and clinics can absorb another $130 million on top of the $204 million that the President has already cut.

Mr. President, the bottom line is that the budget resolution before us simply does not meet the basic needs of American veterans for medical care.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter from the American Legion expressing their continued support for the amendment that I have put before you tonight after they have seen the Republican modification.

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

THE AMERICAN LEGION,
Washington, D.C., May 19, 1982.

Hon. LAWTON CHILES,
Senate Committee on Budget,
Washington, D.C.

DEAR SENATOR CHILES: This is to reaffirm The American Legion's support for your amendment to Senate Concurrent Resolution 92.

As stated in our previous letter to you, we find the Senate Budget Committee's recommendations for Function 700 spending to be deficient in both entitlement and discretionary accounts. We believe that your amendment would correct these deficiencies and would adequately respond to veterans' demand for benefits and services in Fiscal Year 1983. We know of no other proposal, either already introduced or currently in the formulation stage, which meets our requirements in Function 700.

We appreciate your leadership in this initiative and we trust that your Senate colleagues will recognize the value of your amendment by offering their support for it.

Sincerely,

E. PHILIP RIGGIN,
Director, National
Legislative Commission.

Mr. CHILES. Mr. President, I ask unanimous consent that Senator MELCHER be added as a cosponsor of the amendment.

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

Mr. CHILES. Mr. President, I yield at this time to the distinguished Senator from Maine, who serves on the Veterans' Affairs Committee and has taken a leading role in putting forward this amendment.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MITCHELL. Mr. President, I am pleased to join Senator CHILES in offering this important amendment. The purpose of this amendment is to restore funding to the VA budget to insure that the needs of our Nations' veterans are met in fiscal year 1983 and the years beyond.

In February of this year, President Reagan proposed funding veterans' programs at $25.6 billion in budget authority and $24.4 billion in outlays in fiscal year 1983. While the President's proposed budget called for increases in certain accounts, the budget also called for legislative savings and receipts of $328 million. A majority of these savings, $165 million, would have been achieved through the elimination of the dependency allowance payments for those disabled veterans rated 30 or 40 percent.

In addition, the President's proposals would have eliminated the subsistence allowance for service-connected disabled veterans enrolled in the vocational rehabilitation program.

The Senate Veterans' Affairs Committee carefully considered the President's proposals and endorsed many of the President's recommendations. The committee could not, however, support the President's proposed cuts in benefits for service-connected disabled veterans.

Instead of the President's proposed cuts of $328 million in fiscal year 1983, the Veterans' Affairs Committee unanimously voted to recommend legislative savings of $150 million in fiscal year 1983; $70.7 million of these savings would be achieved largely through technical changes in the manner in which benefits are paid. The remaining $79.3 million would come from unspecified savings and/or receipts.

In addition, the committee revised the President's overall budget recommendations downward to take into account differing economic assumptions made by the Congressional Budget Office. These changes reflect a decrease in the cost-of-living adjustment for compensation and pension recipi-

ents from 8.1 to 7.4 percent. As a result of these changing assumptions, the VA would require $24.7 billion in budget authority and $23.8 billion in outlays in fiscal year 1983 to achieve the policy recommendations detailed in the Senate Veterans' Affairs Committee's March 8 report to the Budget Committee. Let me emphasize that the Veterans' Affairs Committee was unanimous in its recommendation to the Budget Committee. The amendment before us would simply restore funding in fiscal year 1983 to that level.

I ask unanimous consent that a copy of the Veterans' Affairs Committee's March 8 letter of transmittal to the Budget Committee be printed in the RECORD immediately following my remarks.

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

(See exhibit 1.)

Mr. MITCHELL. The first concurrent budget resolution, as amended by the Budget Committee, would still cut the VA budget by $700 million in budget authority and $600 million in outlays in fiscal year 1983. I am pleased that the Budget Committee's modification restored some money for veterans' programs. The fact is, however, that the resolution before us is seriously deficient with respect to veterans' programs.

Although the resolution, as amended, provides for a 4-percent cost-of-living adjustment for disability compensation recipients rated 70 percent or more, there is no money in this budget for a cost-of-living adjustment for those rated less than 70 percent disabled, or for those veterans receiving a VA pension. In addition, the resolution maintains the 4-percent cap on both compensation and pension recipients in fiscal years 1984 and 1985. Finally, while the resolution restores some money for veterans' health care, it falls $129 million short of achieving the level unanimously approved by the Senate Veterans' Affairs Committee.

I believe we must reduce the size of the Federal deficit. But we must do so in a manner which is fair and just. The resolution we have before us, with respect to veterans' programs, is neither. It is a shortsighted attempt to balance the budget on the backs of those who have risked their lives to defend this country.

I am opposed to a number of the Budget Committee's specific recommendations. First, I am opposed to providing veterans who are rated 70 percent or more with a 4-percent COLA while eliminating the COLA entirely for those veterans rated less than 70 percent.

In 1980, then-candidate Ronald Reagan, speaking at the Veterans of Foreign Wars 81st National Convention, stated:

To me it is a breach of faith that compensation for those with service-connected disabilities has not kept abreast of inflation.

The President was right then; he is wrong now.

The President's own budget, submitted in February of this year called for an 8.1-percent COLA for compensation and pension recipients. Now, just 3 months later, we are working on a budget calling for a cost-of-living ajustment of only half this amount for certain compensation recipients and totally eliminated for VA pensioners. I cannot, and will not, support such a change.

Under current law, a veteran with a service-connected disability is eligible for monthly benefits, ranging from $58 for a veteran with a 10-percent disability to $1,130 for a veteran who is totally disabled.

In fiscal year 1983, it is estimated that more than 2.2 million veterans nationwide will receive some amount of disability compensation. In my State of Maine more than 13,000 veterans have service-connected disabilities; almost 2,000 veterans are 70 to 100 percent disabled.

I believe the reduction of the cost-of-living adjustment for those rated 70 percent or more and the elimination of the COLA for those rated less than 70 percent will place an unfair, and unnecessary, burden on those who are least able to afford it.

Second, I am opposed to the elimination of the fiscal year 1983 COLA, scheduled to take effect on July 1 of this year, for those veterans receiving a VA pension. The VA currently provides needy—and I emphasize "needy"—wartime veterans who are totally and permanently disabled from non-service-connected causes, or who are age 65 or over, with a pension. These pensions provide the neediest of our Nation's veterans with a minimal source of income to live out their older years with pride and dignity.

It is estimated that in fiscal year 1983, approximately 1.8 million needy veterans or their survivors will receive a VA pension. Under current law VA pensions are indexed to social security: that is, whenever social security recipients receive a cost-of-living adjustment, so do VA pensioners. In addition, VA pensions are reduced, dollar for dollar, for each dollar of income over a certain base amount. In the case of a single veteran with no dependents this base amount, known as an income standard, is $4,960 a year.

Because of this dollar-for-dollar offset, if social security recipients receive their cost-of-living adjustment in fiscal year 1983 and VA pensioners lose theirs, a significant number of veterans will actually lose their entire VA pension. Thus, these veterans will be doubly penalized: not only will they lose their COLA in fiscal year 1983 but they will lose their entire pension as well.

If the Budget Committee's recommendation is adopted, according to the VA, an estimated 18,000 pensioners would lose their VA pensions; an additional 267,000 would have their monthly checks reduced by the amount of their social security increase.

So what we have here is a proposal which clearly discriminates against our Nation's needy and disabled veterans. We are not talking about eliminating waste and abuse in government spending. We are not talking about removing fat from a government program. We are talking about taking money out of the pockets of disabled and indigent veterans. If we in this Chamber have any compassion, any sense of commitment for the well-being of our Nation's veterans, we will vote to fully restore the cost-of-living adjustment for compensation and pension recipients.

Third, I am opposed to the elimination in the budget resolution of $136 million in funding for new construction projects. According to the VA, a cut of this magnitude would require the agency to defer four or five major project requests, making it that much more difficult to meet the needs of veterans in the years ahead.

Fourth, I am deeply disturbed that the resolution before us, as amended, does not provide sufficient funds to adequately meet the health-care needs of our Nation's veterans. While the budget resolution does restore $287 million for health care; $15.5 million for medical research; and $28.5 million for general operating expenses, the resolution falls nearly $150 million short of the amount necessary to restore discretionary funding up to the level approved by the Veterans' Affairs Committee.

The reason for this shortfall is that the Budget Committee has assumed that the VA will absorb $148 million in fiscal year 1983. This figure is equal to 54 percent of the pay increase granted VA employees in fiscal year 1982, but for which Congress never appropriated the necessary funds. The Budget Committee is now asking the VA to absorb this pay increase in its fiscal year 1983 budget. The President's own budget does not even assume such a carryover.

While this $148 million is spread throughout the VA's budget, the greatest impact will be felt in the medical care account. According to the administration's own figures provided by the VA, if this budget resolution is adopted, the medical care account will be underfunded by $129 million in fiscal year 1983. A cut of this magnitude will have a devastating effect on the ability of the VA to provide our

Nation's veterans with adequate health care.

While it is not certain how a cut of $129 million would be absorbed by the VA, it is clear such a cut would necessitate a reduction of several thousand, perhaps as many as 4,000, health-care personnel. There is a good possiblity that a cut of this magnitude could lead to the closing of several VA hospitals nationwide. However the cut is absorbed, it is clear this would severely impair the VA's ability to provide veterans with necessary health-care in fiscal year 1983 and the years beyond.

I believe it is imperative for this country to maintain an independent VA health-care system for a number of reasons. First, such a system is absolutely necessary to meet the health-care needs of our Nation's veterans who were disabled while defending their country.

Second, nearly 12 million WW II veterans will be age 65 or older within a few years and will become eligible, under current law, for VA health care. It is important that we meet the needs of these veterans as well.

And third, I believe it essential for us to maintain the VA health-care system as a backup to the health-care facilities available to the Department of Defense in the event we are ever attacked by enemy forces.

Providing those who have served their country with adequate health-care is the primary function of the VA. In its March 8 letter to the Budget Committee, the Veterans' Affairs Committee reaffirmed this commitment, stating that:

> Providing for the well-being of medical care for service-connected veterans is the very highest priority mission of the Veterans' Administration.

In 1980, President Reagan said:

> To me it is unconscionable that veterans in need are denied hospital and medical care because of inadequate funding which has closed hospital beds and cut health-care personnel within the VA.

I agree.

I urge those in this body who share this view to support this amendment.

In conclusion, I would like to reaffirm my commitment to meeting the needs of our Nation's veterans. If the United States does not honor its obligations to those who have served the Nation in the past, I firmly believe we will not be able to summon those necessary to serve the country in times of crisis in the future.

We need a strong defense. But every military organization—indeed every society in history—is powered by human will, human courage, and human resolve. If that will is lost, if that courage fails, if that resolve declines, then nothing on Earth can save us.

This is the standard against which our actions in this Chamber should and must be measured.

Mr. President, I ask unanimous consent that a letter from the American Legion expressing support for my amendment be inserted in the RECORD at this time.

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

THE AMERICAN LEGION,
Washington, D.C., May 18, 1982.

Hon. GEORGE MITCHELL,
U.S. Senate,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR MITCHELL: The American Legion takes this opportunity to express its full support of your amendment to Senate Concurrent Resolution 92 which would restore absolutely necessary funding to the function 700 Veterans' Administration budget. We understand that your amendment seeks to establish spending ceilings which are essentially the same as those recommended by the Committee on Veterans' Affairs in March of this year, as the minimum necessary to maintain programs operated by the VA.

Under current provisions of Senate Concurrent Resolution 92, it must be emphasized that the funding shortfall created by denying cost-of-living adjustments in fiscal year 1983 for VA disability and pension entitlements is discriminatory while freezing funding levels for such discretionary VA accounts as medical care and VA regional office operations will have a disastrous effect on health care delivery and the ability of the VA to administer readjustment programs.

Recognizing that it has been said in some quarters that the VA budget is bloated, it must be properly understood that the VA budget over the last several years has been decremental—each year consuming a lesser percentage of the total federal budget. Those who would target veterans for disproportionately larger cuts than other groups ignore the fact that it has been the huge growth in a variety of other social programs that has caused the overall federal budget to mushroom seemingly out of control. Yet another fact that too often goes unnoticed is that many benefits available to veterans are readjustment benefits which by definition are subject to sunset by a specified date.

A close examination of discretionary spending accounts within the VA budget over the last several fiscal years reveals that they have already been cut to the bare bones. This is not only troubling, but in the VA Function 703 medical care account—it is dangerous. The VA hospital system has experienced the recent closure of more than 1,000 beds and while some would attribute this to a shortage of veterans desirous of VA medical care, the real reason is that these beds have had to be closed because it is unsafe to keep them open without sufficient nursing personnel.

By now it is clear that the VA hospital system is about to be deluged by requests for care from the aging World War II veteran population. Instead of cutting Federal expenditures for VA construction and medical care, it is critically important that the VA hospital system be prepared. If under the administration's "New Federalism" proposal the Federal Government will retain fiscal responsibility for Medicare—health care for the aged—then it must be understood that VA health care is cheaper than private sector health care and should be fully funded as both necessary and cost efficient. The integrity of the system is even more significant when one considers legislation enacted within the past several days (Public Law 97-174) which establishes the VA hospital network as the principle backup to DoD in case of national emergency and provides resource sharing arrangements between VA and DoD medical facilities.

For all of the above reasons, The American Legion pledges its full support of your efforts to restore funds to provide COLA's for VA compensation and pension as well as for discretionary VA spending accounts. Your attention to the needs of veterans, as always, is appreciated.

Sincerely,

E. PHILIP RIGGIN,
Director, National Legislative Commission.

EXHIBIT 1

LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., March 8, 1982.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 301(c) of the Congressional Budget Act of 1974, and the action of the Committee by a unanimous vote by poll following a March 3, 1982 meeting, the Committee on Veterans' Affairs is submitting the enclosed report to the Committee on the Budget. This report consists of views and estimates with regard to all programs included in Function 700 (Veterans' Benefits and Services) and four programs included in Function 500 (Education, Training, Employment and Social Services) of the Fiscal Year 1983 Federal Budget. In submitting this report, we wish to make certain observations and emphasize some specific items.

Having carefully reviewed the Administration's Fiscal Year 1983 Budget Request for Function 700—$25.63 billion in budget authority and $24.37 billion in outlays—which was submitted on February 8, 1982, the Committee recommends decreases of $422.6 million in budget authority and $508.9 million in outlays and certain realignments in the amounts budgeted for certain accounts. These decreases result from the Committee's use of Congressional Budget Office estimates for the entitlement accounts (missions 1 and 2)—$600.9 million less in budget authority and $687.2 million less in outlays and from the Committee's recommendation of $178.5 million less in budget authority and $178.2 million less in total outlays in legislative savings and receipts than the President has proposed.

It should be noted that the Committee rejects the Administration's proposal to save $165.4 million in fiscal year 1983 (out of total proposed legislative savings and receipts of $328.3 million)[1] by the action of reducing benefits to those veterans suffering from service-connected disabilities. The Administration's proposal would eliminate dependency allowances for those veterans receiving service-connected disability compensation at the 30 and 40 percent rate. In addition, it would eliminate increased subsistence allowances for dependency for service-connected disabled veterans participating in the Veterans' Administration's vocational rehabilitation program. Savings from these

[1] It is noted that the VA's legislative proposals for cost-savings as submitted to the Congress fall $16.9 million short of the amount attributed to these proposals in the President's budget.

two items would amount to $135.3 million and $19.7 million respectively. The Committee feels that providing for the well-being of and medical care for service-connected veterans is the very highest priority mission of the Veterans' Administration. Thus, the Committee has approved an alternative and more appropriate approach to achieving savings and receipts in Function 700.

The Committee would recommend, in lieu of the $328.3 million in legislative savings and receipts included in the President's budget for fiscal year 1983, a total of $150 million consisting of $70.7 million in specified cost savings measures and $79.3 million in presently unspecified savings and/or receipts.

The specified savings would include the following Administration proposals: First, delay the start of compensation and pension payments until the beginning of the first full month of entitlement, rather than starting on the first day of entitlement as under current law, for a fiscal year 1983 savings of $28.8 million; second, terminate compensation and pension dependency benefits at the end of the month in which dependency ceases, rather than at the end of the year as under current law, for a fiscal year 1983 savings of $3.2 million; and third, require that all pension benefit checks be "rounded down" to the next lower dollar rather than be issued in unrounded amounts as under current law, for a fiscal year 1983 savings of $10.8 million.

Other proposed specified savings, not proposed by the Administration, would result from enactment of the Administration-requested 8.1-percent compensation cost-of-living increase coupled with two modifications: "Rounding down" of all monthly benefits to the next lower dollar, rather than rounding up amount of 50 cents or more as under prior Congressional practice, and realigning dependents' allowances. The cost savings associated with these two proposal would be $27.9 million in fiscal year 1983.

The unspecified savings component of this proposal, $79.3 million, would be achieved through a combination of measures derived from some or all of the items in the following recommended list or others that may be proposed: (1) Eliminating the compensation "Q" award now paid by virtue of a 1968 "grandfathering provision" (section 4(b) of Public Law 90-493) to veterans with arrested, asymptomatic tuberculosis and no schedular service-connected disability rating for that condition; (2) placing a "user fee" on the VA home loan guaranty program, along the lines of the Administration proposal, but with the receipts to be deposited in the loan guaranty revolving fund and consideration of an exemption from the fee requirement for all service-connected disabled veterans or for all service-connected veterans and wartime veterans; (3) phasing out, as the Administration has proposed, pension benefits paid on behalf of dependent student-children of non-service-connected veterans enrolled in postsecondary education programs; (4) limiting the fiscal year 1983 cost-of-living increases in compensation dependent's allowances; (5) restricting the availability of over-the-counter medications and medical supplies in connection with non-service-connected outpatient care along the lines recommended by this Committee in May 1979 in S. 1039, and passed by the Senate in June 1979 in H.R. 3892; (6) restricting beneficiary travel benefits for non-service-connected veterans who are able to defray the cost of travel, as initially recommended by the Administration to be done administratively; and (7) eliminating the outpatient dental care eligibility that was provided by a 1979 amendment (section 102(b) of Public Law 96-22) to section 612 of title 38 to veterans whose 100-percent disability ratings are due to individual unemployability determinations.

With respect to the Committee's recommendation—based on the Administration's proposal—of an 8.1 percent cost-of-living increase in service-connected compensation on benefits effective October 1, 1982, the Committee notes that the basis for this recommendation is the Committee's strongly held conviction that the fiscal year 1983 compensation percentage increase should be no less than the indexed percentage increase that will "automatically" be granted, effective June 1, 1982, to Social Security beneficiaries and VA non-service-connected pension recipients. Both the Administration and the Congressional Budget Office estimate that that increase will be 8.1 percent. Should the Social Security increase be at a different rate, the Committee's recommendation for funding of the compensation increase will need to be revised as appropriate.

With regard to the four Function 500 accounts, the Committee is in agreement, with the President's fiscal year 1983 request. The veterans' employment programs funded under those accounts are designed specifically to assist veterans to find suitable employment in order that they may become productive participants in the society they fought to maintain.

In response to the request, stated in the February 8, 1982, letter from you and the ranking minority member of the Budget Committee, for information pertaining to programs under the jurisdiction of this Committee for the four succeeding fiscal years, this Committee has directed its majority and minority staff to develop and prepare an analysis of the future costs of veterans' programs during those years based on the Committee's recommendations for fiscal year 1983. That staff document is to be attached to the Committee's report.

The Committee wishes to emphasize that it has arrived at its recommendations after a thoroughgoing review of veterans' programs and extensive efforts to identify areas in which savings and economies could be achieved consistent with the Committee's commitment to the Nation's continuing to fulfill its obligations to its veterans and their survivors, and particularly to service-connected disabled veterans and veterans of wartime service.

These views and estimates reflect the Committee's best judgment as of this date. If we or the Committee staff may be of further assistance in your consideration of this report, please feel free to call upon us.

Sincerely,

ALAN K. SIMPSON,
Chairman.
ALAN CRANSTON,
Ranking Minority Member.

Mr. MITCHELL. I thank my friend, the distinguished Senator from Florida.

Mr. SASSER. Will the Senator from Florida yield?

Mr. CHILES. I yield.

Mr. SASSER. Mr. President, I rise to support the amendment of the distinguished Senator from Florida (Mr. CHILES). The amendment restores significant levels of funding for veterans services in the first concurrent budget resolution.

Mr. President, this amendment provides basic equity to our veterans programs in two ways. First, it reinstates cost-of-living adjustments for veterans payments in 1983 and it removes the 4-percent limitation on such payments for 1984 and 1985. It preserves the real value of veterans payments for 1983-85. It also restores $300 million for veterans medical care in 1983.

Mr. President, I would note that the Reagan administration proposed an 8.1-percent cost-of-living adjustment in veterans compensation in their original 1983 budget. Now they have gone back on this promise and are seeking some several billion in veterans spending reductions.

So instead of an originally proposed 8.1-percent increase in veterans benefits for 1983, the administration would cut back these benefits sharply and only provide for a 4-percent increase in 1984 and 1985. This action is recommended even though the Senate Budget Committee's own economic projections forecast an inflation rate that does not go below 6.5 percent before 1985.

I also support the Chiles amendment because it restores substantial funding for VA medical care.

Mr. President, it is imperative that we have a high-quality VA medical care system in the years ahead.

Already, Mr. President, the VA has delayed the implementation of the 5-year hospital construction plan which was mandated by Congress in 1979. The Veterans' Administration is now revalidating this plan. And in the process the VA has delayed the rehabilitation and renovation of many VA medical care facilities throughout the country.

In Tennessee, according to the original VA medical care facility plan, the Mountain Home VA medical facility was in line for major construction work to begin as soon as 1984. This facility serves some 193,000 veterans in Tennessee and neighboring States. But the delay in meeting the 5-year construction plan may increase the cost of Mountain Home renovation by some $18 to $25 million a year in the years ahead.

The first concurrent budget resolution as reported by the Senate Budget Committee and modified by the Republican substitute assumes a considerable reduction in VA medical care funding—a reduction which is bound to lower the quality of VA medical care and which could further delay the rehabilitation and renovation of VA facilities throughout the country.

Mr. President, the VA medical care system is going to be severely tested in the years ahead. More than seven million veterans nationwide are going to be eligible for VA medical care in the not too distant future.

When they become eligible for medical care, the VA medical care system must be equipped to handle them.

But the modified first concurrent budget resolution ignores this fact. And when combined with the administration's 1983 budget reductions that cut unemployabilty benefits for veterans, student benefits for the children of our veterans, and medical care travel allowances, we have a 1983 budget which simply ignores the need or our veterans.

The Chiles amendment goes a long way to restoring needed veterans services and benefits, and I strongly urge its adoption.

Mr. President, I thank the distinguished Senator from Florida for yielding.

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

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, regularly, when we have spoken about veterans and their programs here on the floor of the Senate, I think some of us fail to remember what was so eloquently stated last year by the distinguished Senator from Kansas (Mr. DOLE). The millions of veterans of the United States are not homogeneous in their thinking about how much should be spent on the veterans' function.

They run small restaurants where the interest rates are so high they cannot buy a new stove. They are automobile dealers; they are working men and women who would like to add a room to their house but they cannot with 17 percent interest. They are mothers and fathers who would like to plan again about their children going to college. In some instances, they are grandparents who are concerned that with all these high interest rates and the inflation that we are finally bringing under control, their children and their grandchildren are not going to be able to buy homes.

We have a lot of problems that veterans are concerned with and that the Senate is dealing with tonight in coming up with a budget. We are trying to reduce an enormous deficit to a livable deficit—not one we can be proud of—and leave in place as much of a tax reduction as humanly possible. In the process, we hope to do as much justice as we can to those that we in government are responsible to—prioritize as best we can, I guess, is the way to say it.

Mr. President, the distinguished Senator from Wyoming, who chairs the Veterans' Committee, will go into a little more detail about service-connected disabled veterans and those receiving pensions. I am sure he is going to assure the Senate that the action we took in modifying the Senate Budget Committee's resolution has restored funding to provide cost-of-living adjustments for those severely disabled veterans and pension recipients as well.

The truth of the matter is that there are some things that the gentleman who runs the Veterans' Administration has on his wish list that we do not have here. Let me try to put into perspective what we have done, what has happened to the veterans function over the last 3 or 4 years, and then yield to my good friend, the chairman of the committee.

First, we added back, as part of the modification that we sent to the desk yesterday through our distinguished majority leader, for the year 1983, $600 million in budget authority and $500 million in outlays; for 1984, $800 million in budget authority and $600 million in outlays; for 1985, $1.1 billion in budget authority and $1 billion in outlays.

This brings us now to the modified budget resolution numbers. In fiscal year 1983, it is $24 billion in budget authority and $23.2 billion in outlays; in fiscal year 1984, it is $25 billion in budget authority and $24.2 billion in outlays; in fiscal year 1985, it is $25.5 billion and $25.4 billion in budget authority and outlays, respectively.

Mr. President, my arithmetic tells me that if we went with the entire Chiles amendment, we would be very close to current policy. That is not saying anything to nonbudget people, but let me say what it means from the standpoint of the rest of the Government.

There are few, if any, entitlement or direct spending programs in this Federal budget that we have pending before us that are as high as current policy. Not only would we not be asking this function of Government to take its share of budget restraint; we would be saying it deserves the best treatment. To put it another way, that none of the other functions of Government deserves the same kind of treatment that the veterans function gets. I do not think veterans believe that. I think there are programs in this Government that they believe are equal in necessity to theirs.

Mr. President, we have been pretty good to the veterans of this country. With the Budget Committee modifications that I described, we restored funding for VA medical care to the President's level; medical and prosthetic research to slightly above the President's request; and general operating expenses to the President's level. There was some contention that the President had requested higher funding than this recommendation, but I believe that with the add-ons that the distinguished Senator from Wyoming requested, they are now irrelevant.

The modified first budget resolution restores funding for major discretionary programs such as the ones I have just described. I believe it is now fair to say that no one who is entitled to care will be denied.

The budget resolution as modified assumes a 4-percent cost-of-living increase for recipients of compensation benefits when they are rated 70 to 100 percent, or totally disabled. Thus, those veterans who are most severely disabled will get a 4-percent increase. Many others receiving that kind of benefit from the Government will get none.

The correction to the Veterans' Affairs Committee reconciliation instruction will allow the committee greater flexibility to provide a cost-of-living increase for veterans' pension recipients and achieve savings by enacting initiatives proposed by the President or other program reforms.

The budget resolution as modified accommodates additional funding for major veterans programs, yet holds the line on budget restraint. By restraining Federal spending across the board, the Senate is taking steps to slow escalating deficits. Veterans understand that. As I indicated in my opening remarks, veterans want jobs, relief from high interest rates, permanent relief from inflation, and restored economic growth. Veterans have proudly served and sacrificed for their country in times of war and peace. I am confident that they will join their fellow citizens in sharing the burden of budget restraint to bring long-term economic recovery.

With that, I am pleased to yield to my good friend from Wyoming, the chairman of the Veterans' Affairs Committee (Mr. SIMPSON).

Mr. SIMPSON. I thank the distinguished Senator very much.

The PRESIDING OFFICER. Did the Senator from New Mexico yield as much time as the Senator from Wyoming desires?

Mr. DOMENICI. Mr. President, I yield as much time as the Senator from Wyoming desires.

Mr. SIMPSON. Mr. President, I thank the Senator from New Mexico for his support, his diligence, and his experience. It is an effort of fiscal and mental stamina for him. I commend him.

Mr. President, woe be it in these times to be chairman of the Senate Veterans' Affairs Committee, especially in an election year, I might add. I think I hear again the sound of muffled drums and see the flash of bayonets as Simpson marches across the parade ground to be the central figure in the panoply where the executive directors of the various veterans' organizations gather together to strip the epaulets and the chevrons from the uniform of the day of the wretched ca-

daverlike figure of the chairman of the Veterans' Affairs Committee. Mother never told me.

My fine friend and colleague from Florida is a very perceptive and able advocate for veterans and of benefits for veterans.

I recall that we shared a common podium about a year ago before a veterans' group. In the course of the afternoon he won the gold cup, and I received the lead dirigible award, or something very similar to it. I recall it distinctly. I know my friend from Florida recalls that.

With this amendment, it again discloses that the intentions of the Senator from Florida are, indeed, genuine, and I believe that. In fact, his amendment tracks the original recommendations made by the Senate Veterans' Affairs Committee and originally supported by me.

Since the time of the original endorsement of this initiative, and faced with the devastating requirement that we begin to attack the deficits that haunt our economy, I have obviously altered my position to a more modest conclusion in my current recommendation for the fiscal year 1983 budget for the Veterans' Administration.

Those recommendations are all included within the modified budget resolution, which I strongly support, and that in no way indicates any lessening of my support for needed programs for our Nation's deserving veterans.

In making these terribly tough decisions to modify the proposals recommended by the Senate Veterans' Affairs Committee, it was necessary to weigh most carefully those proposals against revised budget recommendations made by the Budget Committee and now endorsed by the President.

I sincerely feel that the amendment of Senator CHILES would add back, indeed, more money than would ever be expected, because, as the chairman of the Budget Committee says, it puts us back to current levels. That would mean this would be the only agency of the U.S. Government that would be so treated in light of these present economic conditions, of which we are all so well aware and which I certainly became more aware of during the debate this afternoon. I was quite intrigued by that.

I oppose the amendment to increase these totals for function 700 and express my support for that portion of the budget resolution, as modified, that sets a lesser functional total for veterans' benefits and service.

Of the original $1.3 billion that the original form of Concurrent Resolution 92 would have reduced from the function 700 totals recommended in March by the Senate Veterans' Affairs Committee, I am pleased to state that the modifications now incorporated into the budget resolution would restore over $600 million in fiscal year 1983 budget authority. Here is what we did:

We exempted from the freeze on nondefense discretionary spending the VA medical care account, the medical and prosthetic and research account, and the general operating expenses account, and in addition provided a cost-of-living increase for recipients of VA disability compensation rated at 70 percent disabled or over.

There was a reason for that. We felt that we should look at what we did last year with compensation cost-of-living increases.

Let me call attention to what this body and the Senate committee did last year for cost-of-living increases for compensation rates.

Last year, effective October 1, 1981, for the 10- to 30-percent disabled there was an increase of 8 percent; for the 40- to 60-percent disabled, a 12.6-percent increase; for the 70- to 90-percent disabled, a 20-percent increase; for the 100-percent disabled, an 11.2-percent increase.

The average last year of cost-of-living increases for compensation rates was 11.2 percent. That 11.2 percent came through also for surviving spouses and children of service-connected deceased veterans.

So when you hear a story or read a letter about some pretty dramatic things, I think, as we say in Wyoming, we have a word for that.

In addition, we provide a COLA for pensioners who will receive regular checks on July 1, 1982. There is no question about that.

The modified budget resolution figures for function 700 represent a very sincere and painstaking effort to balance these important competing interests that are at stake here.

It would restore funds to the most vital VA accounts, those accounts that can least afford to bear the very substantial program reductions that would result from a freeze on discretionary spending and an elimination of the COLA.

HISTORICAL GROWTH OF VA PROGRAMS

I just want to share with you, Mr. President and Members, the fact that the Veterans' Administration has two principal functions: the provision of health care, and the payment of benefits to our Nation's eligible veterans.

Because of policies developed gradually over many years, the nature of both functions has changed, contributing to a rapidly growing budget for the VA. World War II transformed that VA and created the Department of Medicine and Surgery. Virtually every facet of the health care system was then changed.

The original mission of the health care system was to treat those veterans who were wounded during service in World War II. Since that time, Congress has continued to continually add new categories of veterans eligible for certain VA health care services. The present health care services system, the largest one in the Nation, provides outpatient care, nursing home care, and domiciliary care at 172 medical centers, 226 outpatient clinics, 92 nursing homes, and 16 domiciliaries.

Seventy percent—and hear this; it is a startling statistic—70 percent of the veterans who generally utilize the health care services of the Veterans' Administration are non-service connected.

I do not think the American people realize that. They are thinking of the combat veteran, the one we turned our principal attention to over the years, and I always receive a rather incredulous look when I share that fact, that 70 percent of the veterans in the health care system are non-service connected disabled.

There are some other startling statistics that I will share with Senators as we get into eligibility issues and hearings in the Veterans' Committee in time to come.

The VA's function in the payment of benefits initially was to provide compensation for service connected veterans. Gradually it assumed responsibility for income support, for indigent veterans who are not service-connected.

In 1978, Public Law 95-588 indexed the pension payments to the cost-of-living adjustments granted by social security. It tied them together. As a result, the percentage of budget being used to pay pensions is growing larger every year.

Some are of the belief that as the population of World War II veterans reaches the average age of 65 in a couple of years, the percentage of the budget that will go out to pensioners will begin to overtake the percentage of the budget for compensating service-connected veterans.

Think about another one while you are at it. In 2 years there will be 12 million veterans of World War II who will be eligible for health care within the veterans' health care system under various preference bases, regardless of their net worth or their income.

Those are some of the little tidbits we play with in the Senate Veterans' Affairs Committee, a very interesting arena.

I am going to put into the RECORD a table of yearly budget outlays for the VA over 10 years, from 1973 to 1982, showing that the agency's budget has more than doubled during that period. It has done so primarily because the VA has greatly broadened its primary mission, which was to care for the service-connected injured, larger and newer missions constantly added with regard to the VA's various activities, including pension payments for needy veterans.

I ask unanimous consent to insert that table in the RECORD.

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

TOTAL VETERANS' ADMINISTRATION BUDGET OUTLAYS

1973	$11,968,152
1974	13,336,873
1975	16,575,008
1976	18,414,835
1977	18,019,353
1978	18,962,152
1979	19,887,172
1980	21,134,537
1981	22,904,003
1982	24,134,135

MEDICAL CARE AND RESEARCH

During all of the discussions and negotiations on the budget, one of my major concerns has remained that of insuring the full funding of the "Medical Care Account." The bulk of the increase proposed in President Reagan's budget for fiscal year 1983 was in the medical care account. This was meant primarily to fund uncontrollable pay costs and workload increases. I believe that this proposal was quite generally fair considering current budgetary restrictions.

However, even with the President's proposed increases, the VA's research programs were lacking funds needed to maintain the highest quality research programs. Last year in the appropriations process, Congress made substantial reductions—reductions of almost 15 percent—in the medical and prosthetic research account. I believe that these research activities are cost-efficient and a vital adjunct to the provision of medical care by the VA, and that the work that is performed within this account, especially in the area of rehabilitative research, is unique and could not practicably be accomplished as well outside of the VA medical care system. In last year's appropriations process, this account was reduced $22 million below the level originally recommended in the conference report on the HUD and Independent Agencies Appropriations Act for fiscal year 1982. As a result of this reduction, the President's fiscal year 1983 budget proposal would not have adequately compensated for the reduction for fiscal year 1982. The elimination of 198 FTEE positions would have been difficult to accept.

Therefore, I have requested that the $10 million added back by the Veterans' Affairs Committee in its March 8 recommendations to the Budget Committee be included in the Budget Committee's modified resolution which is before us today.

The entire $287 million for medical care for fiscal year 1983, recommended in March—I want Senators to listen to this carefully—by the Veterans' Affairs Committee, is also contained in Senate Concurrent Resolution 92, as modified by Senator DOMENICI. I am satisfied that although certain painful compromises must be made to accommodate the recommendations made by the Budget Committee and now endorsed by President Reagan, it is imperative to retain the original recommendations in medical care in order to insure fully staffed, quality health care to all of the Nation's eligible veterans.

PAYRAISE ABSORPTION ISSUE

Mr. President, the amendment of the Senator from Florida is based in part upon the assumption that the fiscal year 1983 figures provided by both the Budget Committee and the Veterans' Administration do not adequately reflect the necessary absorption in fiscal year 1983 of the fiscal year 1982 civilian payraise, and that this will result in a $148 million shortfall primarily in the VA's most personnel-intensive accounts: medical care and general operating expenses.

There may indeed be some legitimate concern, Mr. President, as to whether the figures presently contained in the Budget Resolution are sufficient to fund the fiscal year 1982 payraise—taking into account the need for absorption of about 54 percent of that raise by the VA—without risking some reductions in overall employment totals. But whether or not the Budget Committee's figures are actually insufficient to meet this problem, let me assure my colleagues that this policy that has been applied by the Budget Committee in computing the effect of the payraise for the VA—has been uniformly applied with respect to payraise throughout all other budgetary functions specified in this budget resolution.

While I believe so very strongly that the beneficiaries of VA benefits and services stand very specially and sufficiently apart from any other class of Federal beneficiaries so as to warrant the preferential treatment that has been accorded to them in the modified budget resolution, I do feel it is far more difficult to justify extending this same special protection to civilian employees of the Veterans' Administration.

The significance of a fully funded, fully staffed medical care system in the VA is so critical, but I do wish to suggest to my colleagues that under the present economic circumstances, it is imperative that we attach relative priorities to the various VA budget accounts before us today and exempt them from the present program of reductions only under the most compelling circumstances. Those circumstances are not yet upon us.

CONSTRUCTION PROGRAMS

On the question of VA construction programs, I must urge my colleagues to reject this attempt to add any further monies in those accounts at this time.

I have long believed that there is substantial room for fiscal restraint in the area of VA construction. I emphasize that and say, boy, do I. I am pleased to note that my views in this regard have been strongly shared both by the distinguished chairman of the Senate Appropriations Subcommittee on HUD and independent agencies, Senator GARN, and by the VA Administrator, Robert Nimmo. In fact, Mr. Nimmo has recently launched a major reexamination program for all major construction projects now planned for fiscal years 1984 and beyond.

Why? They did not have any established priorities on veterans construction in the Department of Medicine and Surgery. So they said, "We'll go back and reevaluate that issue."

We used to get every year a list of the top 10 hospitals that had to be built. But we asked them how that list came about. They said, "We don't know. We'll have to go back and see how that happened."

Now we are going to get new criteria, on issues like geographical use, service to veterans in various areas, accessibility, what the mission is; and perhaps we will even begin to find out whether some of those facilities were simply erected as a tribute to the former chairmen of the House or Senate Veterans' Affairs Committees, which is in itself an anachronism and I hope can be dispatched.

Indeed, there can be little doubt that the construction accounts are of a relatively lower priority than other major VA programs that provide direct and immediate benefits or health care services to veterans and their dependents. Note that although $136 million in budget authority is involved, the nature of the construction programs is such that this money would spend out at a very slow rate, so that actual outlays requested in fiscal year 1983 would be only $22 million.

The VA Administrator has indicated that the effect of the freeze which the amendment before us now seeks to counteract could simply take the form of deferring four or five fully funded project requests, or the VA could request only the design funding for four or five projects and defer construction funds until a later year. These, I submit, are not unreasonable limitations to impose on the VA construction accounts.

I can tell Senators that this is a program that certainly needs review.

RESPONSE TO DAV AND LEGION LETTERS

Mr. President, one final note, because it is important when we see letters on our desks from the veterans groups in America. They carry a powerful clout. I can tell some stories about that in my time as chairman of the Veterans' Affairs Committee.

I am aware of the letters from the DAV and the American Legion which have been circulated here today.

All veterans who receive VA compensation do so because they have been disabled during service to their country. This benefit is not based on income and is not taxable. It is protected throughout the veteran's life and is extended to his widow and orphans if he was 100 percent disabled and died of service-connected causes or died in line of duty. I do view this type of compensation as the highest priority and the most basic of all veterans' benefits.

A very important point here is that every veteran and every survivor eligible for compensation will receive this benefit for a lifetime if eligibility for this benefit is retained.

No one here has ever or ever will, aside from some of the commentaries we hear when we discuss the veterans budget, I do not expect that anyone here will ever—either now or in the future—propose that that compensation be taken away. It will never be taken away.

I just say that every eligible veteran and survivor will receive his or her compensation right on the button and on time for as long as their eligibility is retained.

This issue had ballooned out of proportion to the significance of the cost-of-living increase itself. The American Legion and DAV request a full 7.4 percent cost-of-living increase for all compensation and DIC recipients. Many Americans, not just veterans, would wish also to have a cost-of-living increase each year.

Mr. President, every American has felt the pressures of inflation and high interest and wish for the good old days when inflation did not have to be recomputed every few months and high interest rates did not eat us all up and one could spend more freely. The trouble is that we all became used to having more and spending more, and I remember these words in the state of the Union address: "We can no longer afford things simply because we think of them." A rather interesting comment, with which I concur, by the President of the United States.

Our lifestyle has expanded, and now we are faced with a tight economy, and in many cases, we have to redefine our dreams themselves.

Veterans are certainly among the Americans who are feeling this squeeze. Service-connected veterans are disabled sometimes with injuries which plague and pain them throughout their lives. This is the reason they receive VA compensation no matter what their incomes may be. But the COLA's, the cost-of-living adjustments, are extras. They are moneys added to solid, secure, basic benefits to try to help them keep up with inflation.

In years when the budget can be expanded, they are treated that way. Catch this figure: There was no cost-of-living allowance at all for veterans compensation in fiscal years 1962, 1963, 1964, 1966, 1967, 1968, 1971, and 1973. Disabled veterans did not receive a single cost-of-living allowance in those years. It is not a "right."

Indeed, the major veterans' organizations are on record not to index these cost-of-living allowances, even though indexing would insure their annual occurrence. They have acknowledged that the opportunity to reexamine that issue every year is appropriate, and that is what we have just done.

Mr. President, at times, this annual examination has resulted in a higher COLA for some veterans, and in years of budgetary restraint, it has resulted in lower COLA's for some veterans.

This year is an extraordinary one. Our President is making an all-out effort to severely curtail spending in order to make a significant effort to cut our Nation's deficits and somehow slake our thirst for spending. I view this effort as a direction to all Americans to be prepared to do their part.

One final important and I think relevant historical point. In the past 60 years through 1980, the Consumer Price Index has increased about 569 percent while VA compensation benefits have increased 1,170 percent. And each time you add another increment in the annual amount, it stays right there.

A modified budget resolution retains a modest COLA for the most severely disabled veteran even in light of this need to work to lower the Federal budget. I do fully support the modified budget resolution and look forward to a time when things are right again and all Government beneficiaries might again enjoy a cost-of-living allowance.

I want to conclude by saying that the Veterans' Affairs Committee is not precluded anywhere under the modified budget resolution from reexamining this issue and allocating more money for compensation COLA's. We do have some flexibility to determine savings in other areas, and that flexibility is essential to allow the committee to examine all aspects of this issue in making its final determination regarding the compensation COLA when the entire budget resolution has been enacted.

Again I thank the chairman of the Budget Committee and I also thank the members of the Veterans' Affairs Committee for listening one more time to their chairman. I seldom rant and rave but tell you it is tough, tough, tough, tough. There is not any group in America that is tougher than 30 million veterans. If you walk out on the street and say "Should we take care of the veterans of this country?" 99 percent of the people of America would say "you bet, and whatever it costs." But they would be alarmed to see the person who has served 6 months or 9 months, never left the continental United States, never served in basic training, never carried an M-1 rifle, who draws every single benefit this country can confer on a combat veteran.

I have already shared with you the fact that the population of our veterans' hospitals is made up of 70 percent, non-service-connected disabled. There are people who are disabled whose disabilities are really not the result of any patriotic or courageous act. I hate to say that. I am a veteran. I am a lifetime member of the VFW. These are the things I have to deal with in connection with questions of eligibility. It is very easy to just become passive and this is how we got to a $26 billion budget in this function. This is the third largest independent agency in the U.S. Government. How did it get there? One reason and one reason only: A powerful, powerful veterans organization lobby in Washington, D.C.

Yet when you go out among the troops—boy, I did that when I was in the Army and thank God I can still do it here—when I go out among them, I say, "Is this what you want? Do you have to have this?" They say, "Look, you know, that isn't where we are. We agree we have to take it on the chin, too."

So, those are some of my concerns that I want to share with you. I just hope I can continue in the good graces of my good colleagues and fellow veterans in the State of Wyoming, because when I finish my appointed annual budget task here tonight, I will be burned in effigy at various posts from coast to coast.

I thank you very much.

Mr. DOMENICI. Mr. President, how much time do we have on the amendment?

The PRESIDING OFFICER. On the amendment the Senator from New Mexico has 6 minutes and 16 seconds.

Mr. DOMENICI. I yield myself 2 minutes.

May I say to my good friend from Wyoming that it is not a frequent occurrence that discussions on the Senate floor change many opinions, but I do hope that some of our colleagues listened to him tonight. Frequently, they are listening even if they are not present because our voices are carried back to their offices. I hope some listened, because his excellent remarks focused on the needs of our Nation's veterans during a time of extreme economic budget pressures.

In a discussion I had last night with several of my colleagues, we expressed concern about other issues that would affect our constituents. When we come in to vote, we remember the constituents we serve; that 30 million of them are veterans. One of our distinguished

colleagues said when we came to a similar issue where we had to save a few hundred million dollars, "I am going to stay with the committee. We have added about as much as we should." And someone said, "How are you going to explain that?" And the Senator, who is running for office and comes from a State that does not frequently elect Republicans, said "My answer is going to be very simple. We are broke and we ought to all share a little bit in reducing the deficits."

I believe that when the message gets out that even with all this budget restraint we are still going to be broke to the extent of $115 billion deficit in fiscal year 1983, veterans will be willing to do their share of reducing the growth of, not cutting, basic veterans benefits and services.

I yield the floor.

Mr. CHILES. Mr. President, I yield 5 minutes to the distinguished Senator from California (Mr. CRANSTON).

The PRESIDING OFFICER (Mr. NICKLES). The Senator from California is recognized.

CHILES-MITCHELL AMENDMENT TO RESTORE VETERANS' PROGRAMS

Mr. CRANSTON. Mr. President, as the ranking minority member of the Veterans' Affairs Committee, I join with my good friends from Florida (Mr. CHILES) and from Maine (Mr. MITCHELL), my colleague in the committee, and others to urge the Senate to restore the proposed level of funding in the budget resolution for function 700—veterans benefits and services—to a level sufficient to provide benefits and services to our Nation's veterans consistent with the policy recommendations that the Veterans' Affairs Committee made in our March 8, 1982, report to the Budget Committee. This is a level of benefits requested by the President and still supported at this time by his Administrator of Veterans' Affairs.

It is a level derived from the unanimous vote of the Veterans' Affairs Committee membership—all seven Republican members and all five Democratic members.

Thus, we are urging a result that had complete bipartisan support in the Veterans' Affairs Committee, that is endorsed by the VA Administrator, and that deserves strong support from both sides of the aisle in the full Senate. In the letter transmitting our committee's budget views and estimates to the Budget Committee, my good friend, the committee chairman (Mr. SIMPSON), and I noted that the committee arrived at its recommendations after a thoroughgoing review of veterans' programs and extensive efforts to identify areas in which savings and economies could be achieved consistent with the committee's commitment to the Nation's continuing to fulfill its obligations to its veterans and their survivors, and particularly to service-connected disabled veterans and veterans of wartime service.

Despite the Veterans' Affairs Committee's efforts and the unanimous support of the committee for its recommendations, the Budget Committee paid no heed. Rather, it took a meat cleaver to function 700. Now, the Baker modification proposes to repair some of the damage, and I congratulate my good friend from Wyoming (Mr. SIMPSON) for achieving this much. But it is not enough, in my view. Adoption of our amendment is needed to repair the bulk of the damage caused by the Budget Committee's action.

Mr. President, since coming to the Senate in 1969, I have been deeply involved with issues affecting our Nation's veterans, first on the Subcommittee on Veterans' Affairs of the Labor and Public Welfare Committee and later on the Committee on Veterans' Affairs, including 4 years as the committee chairman and now as the ranking Democrat. During this time, I have come to recognize the cost of veterans' benefits and services as a real cost of war. If we do not meet these obligations, we will have a tough time with the All-Volunteer Army that so many of us would like to see thrive and we will have a tough time, if we have to resort to the draft, if we do not keep commitments that have been made to those who serve in the Armed Forces. It is because of my strong view that we should not sacrifice our commitments to our Nation's veterans in the name of shortsighted fiscal goals that I urge adoption of the pending amendment.

Taking an overall view of function 700, the damage we propose repairing in this budget to carry out our Nation's commitment to its veterans is as follows: First, restore funding for cost-of-living increases in VA compensation and pension programs; and second, restore funding to provide for a reasonable schedule of construction and improvement of VA health care facilities to the levels originally recommended by the President in his fiscal year 1983 budget and to assure the maintenance of quality health care services for veterans. In addition, this amendment anticipates enactment of the $150 million in legislative savings that the Veterans' Affairs Committee has recommended.

Mr. President, in order to attempt to assess, in the brief time available, the impact of the extensive reductions that the Budget Committee recommended in the President's fiscal year 1983 budget for the VA, on May 11 the Veterans' Affairs Committee chairman and I wrote to Administrator of Veterans' Affairs Robert P. Nimmo to request his evaluation of them. Although he was unable to provide a fully detailed analysis of the options that the VA would consider in response to those cuts and indicating some of the consequences of denying VA pensioners the 7.4-percent cost-of-living increase they are due to receive as of July 1 under current law. I recognize that it was a very difficult task for the Administrator to extract this letter from the White House and OMB, given their directives to the contrary, and I congratulate him on his having prevailed in his efforts to try to be responsive to the Congress' need for information.

Very significantly, Mr. Nimmo, before providing the requested analyses, stated:

> The President's 1983 budget includes funding for the Veterans Administration at a level that represents a reasonable balance between spending constraint and program growth. I continue to support the President's proposal.

Mr. President, let me say to my colleagues on the other side of the aisle that Administrator Nimmo's credentials as a loyal Republican are firmly established and beyond question. And, I would thus urge my Republican colleagues to heed Administrator Nimmo's position—in the face of the Budget Committee reductions—of continuing to support the President's original proposal for the appropriations accounts in question here today. I use the word "original" to describe the President's position because he is now supporting the Budget Committee's version of the budget. So, the President has been on both sides of this issue, and presently he is on the wrong side.

Having noted the Administrator's basic, steadfast position—for which I warmly applaud and congratulate him—however, I must note that, because of a technical oversight in analyzing the Budget Committee's cuts, his letter fails to take into account the full extent of those cuts.

The problem is that the Budget Committee's approach in imposing the so-called nondefense discretionary spending freeze was not made clear to the VA. This is a point that I will get into in some detail in discussing the VA medical care account. Let me just note here that the basic problem was the failure to take into account the minus $148 million that the Budget Committee incorporates in function 700 without indicating how that reduction affects individual VA appropriations accounts. When this oversight was brought to my attention, I asked a Veterans' Affairs Committee staff member to request a Congressional Budget Office analysis of the issue. In response, a May 19 memorandum was prepared showing the actual extent of the Budget Committee's cuts, and I have annotated the Administrator's letter to indicate where and the extent to which it understates the cuts.

Mr. President, I ask unanimous consent that there be inserted in the RECORD at this point a copy of our May 11 letter to the Administrator and his May 18 letter to me—which is identical to a letter of the same date to the Veterans' Affairs Committee chairman—with my bracketed annotations, along with a copy of the CBO memorandum.

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

COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., May 11, 1982.

Hon. ROBERT P. NIMMO,
Administrator of Veterans' Affairs, Washington, D.C.

DEAR BOB: As you know, the Senate Budget Committee, in developing a proposed budget for fiscal year 1983, is recommending that various Federal accounts—the so-called "non-defense discretionary" accounts, which include all VA accounts in subfunctions 703 and 705—be frozen at FY 82 levels and that certain cost-of-living adjustments (COLA) (including veterans' compensation, DIC, and pension) be withheld in FY 1983. The President has announced publicly his strong support for the Budget Committee's proposed budget.

Regarding the freeze proposal in this proposed Congressional FY 83 budget, we understand that these discretionary accounts would be limited to the amounts already appropriated for FY 82 plus the amounts in supplemental appropriations, not yet enacted, to cover the costs of the October 1981 Federal civilian pay raise. Since this proposed FY 83 budget would include no October 1982 pay raise for Federal employees, there would be no absorption of pay raise costs in FY 83.

For FY 84 and FY 85, the Budget Committee is recommending no increases in funding levels over the above-described FY 83 levels in any of the affected accounts except for amounts necessary to cover the costs of civilian pay raises in those years, which the Budget Committee recommends be limited to 4 percent in each year.

So that we can understand the impact of these proposals on the VA accounts affected (the medical care account, the medical and prosthetic research account, the medical administration and miscellaneous operating expenses account, the major and minor construction accounts, the State grants accounts, and the general operating expenses account), we request that you provide a detailed analysis of the impact of the proposed funding freeze on each of the affected VA accounts for each of the next three fiscal years, showing how the VA would modify its programs to accomodate the proposed funding levels in each instance. Since full Senate deliberations on the Budget Committee's proposals will probably begin late this week or early next week, we will need these analyses as soon as possible.

We would appreciate your including in these analyses, to the extent practicable, the anticipated programmatic effects of the proposed funding levels each year on employment levels, planned activities, and the caseload and workload indicators (for example, see pages 6-33 to 6-35 of Volume II of the FY 83 VA budget documents with respect to the medical care account) set forth in the VA's budget documents for each of the accounts involved; the number, type, and, wherever possible, location of any facilities that would be closed each year; and the specific changes that would be made in the construction projects for which funds have been appropriated or requested.

With respect to VA pension benefits, the Senate Budget Committee has recommended that the Veterans' Affairs Committees be given reconciliation instructions to achieve FY 83 legislative savings of $188 million. The Budget Committee has noted that this amount could be achieved by legislation to preclude VA pensioners from receiving in FY 93 the COLA that is scheduled to be granted, effective June of this year, under section 3112 of title 38, United States Code. In light of the 7.4-percent increase in social security benefits that will take effect in June, we would like to receive your analysis of the effect of such legislation on current VA pensioners who also receive social security benefits—particularly in terms of pension reductions that may result from the social security increase and the number of pensioners who would lose their eligibility for VA pension as a result of the social security COLA increase—and on potential pension beneficiaries who receive social security benefits.

We ask that you give these requests your personal attention so that we are provided a response not later than close of business Thursday, May 13. As always, your continuing cooperation is greatly appreciated.

With warm regards,

Cordially,

ALAN K. SIMPSON,
Chairman.

ALAN CRANSTON,
Ranking Minority Member.

VETERANS ADMINISTRATION,
Washington, D.C. May 18, 1982.

Hon. ALAN CRANSTON,
Ranking Minority Member, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: I appreciate the difficulty the Congress is having in developing 1983 budget recommendations that support needed programs and achieve an appropriate and responsible federal fiscal policy. The President's 1983 budget includes funding for the Veterans Administration at a level that represents a reasonable balance between spending constraint and program growth. I continue to support the President's proposal.

At your request, we have within the limited time available, studied the impact on our programs that would result from implementation of the Senate Budget Committee recommendations. As I am sure you fully appreciate, the potential number of options available in addressing the proposed adjustments is very large. Unfortunately, we were not able to fully consider, let alone fully evaluate, each such option. The adjustments as proposed could cause significant changes in the program scope and require adjustments to the level of service provided.

In analyzing the impact of the Committee's proposals, we used the assumptions contained in the Senate Budget Committee's tentative agreement on a budget resolution. They are:

The 1982 level includes pay raise funding;

[NOTE.—The budget resolution as reported does not include full funding for FY 1982 pay-increase costs. Rather, as explained in the Congressional Budget Office memorandum inserted in the RECORD immediately following this letter, the amounts proposed for VA accounts in FY 83 require absorption in FY 1983 of 54 percent of the FY 1982 (October 1981) pay-increase costs. As a result, the failure in this letter to take account of this pay absorption factor in FY 1983 results in understating the Budget Committee-recommended reductions in certain of the accounts discussed later in this letter. The actual amount of the reductions are indicated, consistent with the CBO memorandum, and percentages are appropriately adjusted in brackets.]

For 1983 no pay raise will be provided;

If pay raises are approved in 1984 and 1985, they will be funded by Congress;

1983-1985 will not provide for inflationary funding.

Although current policy direction prevents a detailed reestimate of the 1983 budget request, the following paragraphs summarize several of the options we have had the opportunity to address. Also included, as requested, is our analysis of the effect of the Social Security C.O.L.A. increase on VA pensioners.

MEDICAL PROGRAMS

The impact of maintaining resources for Medical Care at the revised Senate allowance level in 1983 will require a reduction of $286.8 million [$416 million]. Because of the complexity of the program, numerous alternatives exist for operating within such a figure. The funding level would be met by selecting the combination of alternatives that would least disrupt direct medical care to veterans on a long term basis.

The Agency would be required to reduce medical employment by about six [nine] percent in 1983 if the entire reduction were taken in employment; by 1985 the percentage reduction required would be fifteen [eighteen] percent. An employment reduction of 10 percent or more at any "covered office or facility" will require Congressional approval, which, could not, absent legislative modification, be obtained prior to October 1983.

If the adjustment were made in workload:

Inpatient workload would have to be reduced by six [nine] percent in 1983 to offset the entire reduction.

Outpatient workload would have to be reduced by 21 [31] percent in 1983 to offset the entire reduction.

Should a straight-line budget approach for three years be adopted, medical facility closures would have to be considered; major saving would only result after the third year.

In some cases the utilization of newly activated facilities might have to be deferred. The agency's obligation to maintain 90,000 operating beds pursuant to Public Law 97-72 limits, in the absence of legislative change, the availability of options to us.

The Medical and Prosthetic Research, and the Medical Administration and Miscellaneous Operating Expense appropriations will require reductions of $5.4 [$8.1] and $3.4 million respectively in 1983. Employment would be reduced by two percent for research and five percent for administrative operation.

CONSTRUCTION APPROPRIATIONS

The Senate Budget Committee's resolution reduced the FY 1983 Construction, Major Projects and Construction, Minor Projects appropriation request by $136,164,000. We assume that we would have the flexibility to adjust the Major Construction and the Minor Construction requests to meet the necessary total reduction.

The effect of this reduction in the Major Construction request includes several possible alternatives.

The Agency could defer four or five fully-funded project requests.

It could request only the design funding for four of five projects and defer construction funds.

It could supplement these actions with smaller reductions in nursing home projects, energy conservation and the Advance Planning Fund.

The Agency might support minimizing the reduction in the Minor Construction request with respect to fire and safety projects.

GENERAL OPERATING EXPENSES

The reduction to the General Operating Expenses appropriation in 1983 will be $28.3 [$42.2 million] million, which is a 4 [16] percent reduction. This appropriation is personnel-intensive. Most of the nonpayroll funding is nondiscretionary for such requirements as office space rental and communications and utilities. One area which would have to be reviewed is the extent to which we can continue to support State Approval Agencies when facing significant personnel reductions. The remaining nonpayroll funding which would be considered discretionary, such as travel, can be curtailed but can realistically provide only several million of the $28.3 [$42.2] million reduction required.

Personnel reductions will have to provide the predominant share of the cutback:

The average employment within the appropriation may have to be reduced 1,000 [1,565] from the 1983 budget estimate.

A hiring freeze or furlough may have to be implemented as the employment for the departments and staff offices within the appropriation is already declining from 1982 to 1983.

Personnel reductions will have to continue over the three year period if the nonpayroll costs continue to increase.

PENSIONS COLA INCREASE

With respect to VA pension benefits, the recommendation would remove the July 1, 1982, cost-of-living increase. The removal of the scheduled rate adjustment in light of the COLA that will be provided Social Security recipients will cause dislocation among the pension population. Approximately 18,000 pensioners would be removed from the rolls as their income would exceed the eligibility standard. Another 267,000 pensioners would have their monthly checks reduced to offset the Social Security increase. This would represent an income loss of over $70 million annually. In addition almost $200 million would be saved by not granting the general COLA increase to all other pensioners.

I trust that this information will be useful to you and the Committee.

Sincerely,

ROBERT P. NIMMO,
Administrator.

MEMORANDUM OF MAY 19, 1982

To: Ed Scott, Senate Veterans' Affairs Committee.

From: Nina Shepherd, Congressional Budget Office.

The information shown below is in response to the telephone request you made earlier today.

The budget resolution ordered reported by the Senate Budget Committee includes a reduction in function 700 in fiscal years 1983–1985 of $148 million. This reduction was assumed to be achievable through continued absorption of 54 percent of the October 1981 federal pay increase. The Senate Budget Committee did not assume any pattern for distributing this reduction among the function 700 accounts containing pay. However, if the $148 million reduction were allocated according to the distribution of total function obligations for personnel compensation, as reflected in the President's 1983 budget request, the account-by-account reduction would be as follows:

	Millions
Medical care	$ −129.3
Medical and prosthetic research	−2.6
Medical administration and miscellaneous operating expenses	−0.9
General operating expenses	−13.7
Construction, minor projects	−0.7
Cemeterial expense, Army	−0.1
American Battle Monuments Commission	−0.2
Soldiers' and Airmens' Home	−0.5
Total	−148.0

In a letter to Chairman Simpson dated May 18, 1982, VA Administrator Robert Nimmo stated the amounts by which the VA's 1983 appropriation request would have to be reduced in order to comply with the Senate-reported budget resolution levels for function 700. The amounts shown by Administrator Nimmo do not include the continued absorption of the October 1981 pay raise that was assumed in the resolution. Should the effects of the pay absorption be allocated as shown above, the total amount by which the President's request for these accounts would have to be reduced, would be as follows:

Fiscal year 1983 BA and O

	Millions
Medical care	$416.0
Medical and prosthetic research	8.1
Medical administration and miscellaneous operating expenses	(1)
General operating expenses	42.2
Construction, minor projects	89.7
Cemeterial expense, Army	2.2
American Battle Monuments Commission	(1)
Soldiers' and Airmen's Home	2.6

[1] In these accounts the amounts assumed in the resolution, reduced by the assumed pay absorption, are higher than the President's requested appropriation amounts.

COST-OF-LIVING INCREASES IN VETERANS' COMPENSATION AND PENSION PROGRAMS

Mr. CRANSTON. Mr. President, the budget resolution as reported anticipated the elimination of any cost-of-living increase in fiscal year 1983 in the service-connected disability compensation program and the capping of such increases in fiscal year 1984 and fiscal year 1985 at 4 percent. Now the Baker modification would lift the fiscal year 1983 freeze—but only for those with disabilities rated 70 percent or more disabling—and proposes a 4-percent cap for that year, too, for even these veterans. I find this discriminatory action totally incomprehensible.

Mr. President, I would like to quote Mr. Reagan on this subject of cost-of-living increases for the VA's service-connected disability compensation program. In August of 1980, in a campaign speech at the Veterans of Foreign Wars' convention in Chicago, he called it a "breach of faith" for "compensation for those with service-connected disabilities * * * [not to be] kept abreast of inflation. * * *"

I strongly agree with the President on that.

To me it is absolutely unacceptable to ask the more than 2.2 million veterans who have service-connected disabilities—injuries and illineses sustained while in service to our country—to forego an increase in the rates of their VA compensation benefits that would insure that their benefits keep pace with inflation. These individuals—as well as the more than 355,000 survivors of veterans who died while on active duty or as the result of service-connected causes—have already made sacrifices for this country and, in some cases, have made extreme sacrifices. They should not be asked to make this additional one.

I would note, however, that they would be willing to make still further, equitable sacrifices if that were being asked of all others similary situated. As the American Legion said in its May 17 letter to all Senators:

> The American Legion has stated its willingness to consider any official budget proposal requiring veterans to assume some of the burden associated with the undeniable need to restore the Nation's economic health. However, we demand that all segments of society share an equal budgetary hardship.

Thus, Mr. President, to appreciate the impact of what is being proposed here regarding denying COLA's to veterans' compensation and pension recipients, we need to step back and look at what is being proposed at the same time for other income-maintenance recipients in directly parallel—but certainly no higher priority, at least until now—programs.

With respect to veterans' disability compensation, let us compare a totally disabled, paralyzed individual, a nonveteran, who is covered by social security and is receiving social security disability insurance payments. This July, this individual's check will go up by 7.4 percent and the next year and the year after that, we anticipate paying him a full COLA—and that is as it should be.

Compare that disabled person's situation with that of his equally disabled neighbor, a paralyzed Vietnam veteran struck down on the battlefield and receiving full VA disability compensation.

Both individuals paid for their benefits—one with monetary contributions, the other with his loss of bodily functions in service to his country. They are both truly entitled to these benefits. Is one more deserving than the other? If so, is it the SSDI recipient? I think not.

Yet, we have before us a proposal by the Budget Committee—as proposed to be altered by the Baker substitute—to say to the veteran next October 1, sorry we could afford to give you only

a 4-percent increase, just 54 percent—a little more than half of the rate increase we gave your neighbor?

How can we explain that result?

Has that veteran's sacrifice somehow been diminished in its value to our country? Is anyone proposing to give him back 46 percent of his mobility?

And to make matters worse, we go on to say to this veteran who is beginning to doubt all the rhetoric about "a grateful nation", "by the way, no matter how much the CPI jumps in the next 2 years, we are going to limit you to a 4-percent compensation increase each year; of course, we feel differently about your neighbor; we are not proposing any such cap on his SSDI benefits."

I find this disparate treatment totally indefensible. To discriminate against the service-connected disabled veteran is truly incomprehensible to me. There is no justification whatsoever for this inequitable result.

Moreover, for those veterans with less than 70-percent disabilities, how do we explain denying them any COLA and giving SSDI recipients and social security retirees the full COLA? I cannot and I do not see how the Senate can.

Denying all those with less than 70-percent disabilities any COLA this year means that we would enact no increase in rates of disability compensation for almost 2 million of those who suffer from disabilities incurred in service to their country.

Further, Mr. President, this budget would provide for no fiscal year 1983 increase to the more than 433,000 surviving dependents of veterans who died while in the service or who died of service-connected disabilities—that is, no inflation relief to more than 246,000 surviving spouses, 74,000 children, and 112,000 dependent parents of veterans who literally gave their lives for this Nation.

The effect then is to deny any equity to 2.4 million of these highest priority recipients while granting some—but inadequate—assistance to less than 8 percent in this category.

Now, the argument will be made that we are providing for the more severely disabled veterans by granting those veterans a partial cost-of-living adjustment. However, we should understand which veterans would be getting no increase: Veterans with leg and foot amputations; veterans who are totally blinded in one eye; veterans who have lost the use of their minor hand; veterans who have had prosthetic replacements of shoulders, elbows, or knees and suffer from chronic severe painful motion or weakness in that joint; veterans suffering from severely incapacitating rheumatoid arthritis; veterans suffering from severe emphysema that prevents climbing one flight of stairs or walking one block without stopping; and veterans who have lost golf-ball sized pieces of their skulls.

These are just some of the service-connected disabilities for which cost-of-living adjustments would not be granted. These are disabilities for which determinations have been made that they are the result of injuries or conditions incurred in or aggravated by military service.

Mr. President, while I can appreciate the good intentions of my good friend from Wyoming (Mr. SIMPSON) regarding the possibility that the Baker modification provides the flexibility needed to provide the full 7.4-percent cost-of-living increase in compensation benefits this year, I must point out that the Baker modification simply does not provide enough room for it.

To provide all 70-percent-or-more disabled veterans with a 7.4-percent COLA this year—instead of the 4-percent that the Baker modification allows—and to provide the 7.4 percent COLA to all other of the 2.4 million service-connected disabled veterans and the survivors of those who have died from service-connected causes requires $561 million in budget authority and $577 million in outlays in fiscal year 1983 that just are not in the Baker levels.

As the Veterans' Affairs Committee chairman knows, the resolution as reported assumes that that increase will be denied this year and the Baker modification adds back only $600 million in budget authority and $500 million in outlays for fiscal year 1983. Of those amounts, $478.4 million in B.A. and $437.2 million in outlays are accounted for by the 4-percent increase for 70 percent or more disabled veterans and noncompensation items. That simply does not leave room for the additional $568 million in budget authority and $577 million in outlays that CBO estimates would be needed for the full COLA for compensation, as I have just described it. Moreover, there is an even greater lack of room in the two out-year amounts under the Baker modification.

As the chairman knows, the only programs over which our committee has jurisdiction are veterans' benefits and services. If we are going to fund a full compensation COLA within the limits of the Baker modification, the money has got to come from other VA programs. The question is, which ones?

So, I think we need some clarification from the chairman as to exactly how he proposes to pay for this COLA. Does he propose further cuts of half a billion dollars in VA health care—on top of the $129 million reduction already taken? Does he propose cutting further into the VA pensioners' benefits—in addition to taking back some or all of the COLA that they will begin receiving in July? Does he have some other means for freeing up the needed funding?

Mr. President, we need to know the answers to these questions.

If the money is not in the budget for the pension COLA, just saying we will make room for it is not good enough because further down the road we are going to have to deal with the realities and constraints of the numbers themselves.

Now, regarding the veterans' pension program, for which the Budget Committee proposed no increase at all this year—with 4-percent caps proposed for the next 2 years—again, it seems to me we have a most unfair discrimination against those who served their country in time of war.

First, let us clarify what we have in this veterans' pension program. This is purely a needs-based, income maintenance program for war veterans and certain survivors of them. We are not talking about the old pension program where family income was not counted and where there were numerous exclusions from countable income. Congress reformed this program in 1978 to make it truly needs-based and truly equitable. Anyone receiving a pension under this program is truly needy. Veteran pensioners are either totaly disabled or over 65. Those are essentially the same qualifications for a low-income recipient of SSI—supplemental security income. Yet the SSI recipient—and I am not talking about contributory social security now but about the federalized welfare program—will be granted the full 7.4-percent COLA in the July check this year and the full COLA for each of the next 2 years—as, indeed, should be the case. Why then do we not do the same thing for the equally disabled or elderly low-income war veteran?

I have no acceptable answer to that question. Each of these individuals is poor and either old or disabled. It is true that Congress decided in 1978 to create a somewhat higher income standard—just over the poverty level—for the veteran pensioner. Today that means about $413 a month for a single war veteran with no dependents or other income, surely not a princely sum. That veteran needs the cost-of-living increase to subsist—just as does the SSI recipient.

Perhaps some will say, well the veteran can always get a COLA by switching to the SSI program. That may seem to some like a pretty appealing answer, but I content that it is not.

Many very poor elderly and disabled people in this country feel that they are demeaned by taking welfare; they feel diminished by this—less worthy. Yet, those who served this country in the military look at veterans' pension as something they earned by their wartime service. They do not feel they are on welfare and do not want to be.

Is it our policy that we want to force an elderly or disabled wartime veteran who is subsisting at or below the poverty level with a feeling of self-worth and dignity to follow a course that the veteran feels will deprive him of his own self-respect? I hope not. Such a policy makes no sense from the standpoint of humanity, and it makes little fiscal sense since the net savings to the Federal budget would be minimal if these persons were forced over to SSI in order to subsist.

Mr. President, I should also point out the gross impracticalities inherent in this proposal to eliminate the pension COLA this summer. It is, at this point, far too late for the Congress to prevent that COLA from beginning to be paid as of July 1. The rate of the increase has already been computed—7.4 percent—and announcement of it was made in the Federal Register on May 14. The programing of the computers to print the checks for mailing on July 1 is already underway, and the last date on which it would be even remotely feasible to turn that process around and cancel the increase would be May 25, the date on which the July 1 checks will begin to be printed. Obviously, the change in current law that would be needed to prevent the COLA from going into effect—a change that the House Budget Committee has rejected and that I assure you the House Veterans' Affairs Committee would very, very strongly oppose—simply cannot be enacted by that date.

Thus, it seems clear that the increase will be paid as of July 1 and will also be included in the August and, probably, September pension checks as well. Thereafter, what does the Budget Committee propose should occur—that the law be changed after the fact to reduce the benefit levels that would already have begun to be paid? Do any of my colleagues actually want the VA in August or September to announce to all 566,000 pensioners who would be affected that as of September 1 or October 1 their checks will be reduced by at least 7.4 percent? I ask each of you, please put yourselves in the shoes of a totally disabled or elderly veteran having a total income, if you have no dependents, of only $444 per month, or a widow of a wartime veteran having a total income of only $298 per month, who receives a notice from the Federal Government informing you that the Congress and the President of the United States have just passed and signed a law to cut your pension by 7.4 percent.

Think of it! Letters going out in August or September—or possibly in October—to hundreds of thousands of VA pensioners saying to each of them, in effect, the Congress and the President believed that you were getting too much money and decided to cut your pension benefits.

Are VA pensioners really getting too much?

I would point out to my colleagues that the poverty level for an urban family of four is—according to statistics released last August—a per annum income of $8,414. That level, according to a projection prepared by the Congressional Research Service, can be expected to increase to $9,289 in August of this year.

Now, compare this to the maximum income level for the VA's pension program. For a family of four, the current income standard for VA pension is $8,179—$235 less than the official level of poverty. And, when the level is revised in August, and when the VA pension checks are reduced as is proposed under this budget, the level of VA pension would be cut to a level more than $1,100 less than the level of poverty.

In essence, not only is the budget committee proposing that truly poor individuals be denied the necessary and appropriate cost-of-living adjustment due them under law, but also that they be required to give back the small increase that they have been promised and that they will receive under existing law. These are people struggling to survive on annual income levels that in the case of single veterans are just above the poverty level and that in the case of veterans with larger family units and surviving spouses of deceased veterans are below poverty levels.

Mr. President this is a truly unacceptable approach to dealing with the needs of those who are among our Nation's neediest citizens.

And please keep in mind that for 18,000 pensioners the effect of the budget would be not just a reduction—they would be dropped entirely from the rolls. Having received a 7.4-percent pension increase in July—along with a social security increase—when the law is changed to eliminate the pension COLA, they would be pushed all the way out of the program.

It also need be emphasized that the 267,000 VA pensioners who receive some social security are going to be hit with a double whammy if the Budget Committee's approach is adopted. When the pension COLA is eliminated, they will lose the 7.4-percent increase—just like all other pensioners. But, in addition, their pension benefits will be further reduced dollar for dollar by an amount equal to the July 1 social security increase.

For example, a veteran pensioner with no dependents who is currently receiving $3,000 a year in social security and no other nonpension income is today getting $1,960 per year in pension. On July 1, his social security check will increase to a $3,222 annual level and his VA pension to a $2,106 annual level—A $146 increase in pension. If the pension COLA is eliminated, he first loses the $146 annual increase in pension he started receiving on July 1. But he also suffers a further annual pension reduction of $222 because of the social security increase. Thus, this veteran will bet a total pension reduction of $368. In terms of monthly benefits, the veteran would have received a $12.17 pension increase in July and the Congress would be inflicting a $30.67 reduction in September or October. Such treatment will be as baffling to this veteran as it is hard to endure.

Mr. President, as the legislative history of the 1978 VA Pension Improvement Act makes abundantly clear, this is exactly the kind of result that was intended to be avoided—pension terminations and reductions resulting from social security increases. I am sure that Senators who were here in 1978 and for several years before then will recall the enormous amounts of mail they got each year from VA pensioners who, because pension and social security were not linked as they now are, suffered pension reductions in January each year because of social security COLA's they had received the previous July. I venture to say that year-in year-out that issue generated more constituent mail than any other matter. And correcting that problem—along with rectifying various inequities and deficiencies in the old pension program—were the driving forces behind the 1978 law. I do not think my colleagues really want to open those old sores again—but that would be the effect of the Budget Committee's proposal.

In summary, this proposal—which I am opposing now and will continue to oppose with every means possible wherever and whenever it comes up—is grossly inequitable, poorly conceived, and extremely impractical. It deserves to be rejected by an overwhelming vote in this body.

VA MEDICAL CARE

Mr. President, the Chiles-Mitchell amendment would provide for much-needed funding in the VA's medical care account to restore that account to the levels that the President recommended and which, as I have noted, the Administrator of Veterans' Affairs continues to support—but for which the Baker modification fails to provide.

To understand this issue, I must briefly address one fairly technical matter which has a very real impact on the Nation's sick and disabled veterans. The Baker modification would add, in fiscal year 1983, $287 million for appropriations to the VA's medical care account. We are told that the purpose of this add-on is to restore cuts that the Budget Committee made in the President's budget request for this vitally important account. Unfortunately, that amount does not make

the full restoration that is so badly needed.

The shortfall derives from the Baker modification's failure to take into account the minus $148 million that the Senate Budget Committee includes in function 700 for what it calls "pay absorption" in fiscal year 1983, and in the outyears, fiscal year 1984 and fiscal year 1985. That minus amount is reflected in the Budget Committee's function 700 total and is not restored by the Baker modification. It cannot be ignored.

Let me also emphasize that this absorption is of increased pay costs incurred in fiscal year 1982. It is not absorption of any pay raises that may occur in the future—in fiscal year 1983 or in later years. This so-called absorption represents the carrying forward to a full fiscal year of an amount that the Budget Committee has estimated may be absorbed Government-wide in fiscal year 1982 from the fiscal year 1982 pay raise—54 percent. This figure is not even accurate as it applies to the VA this year since a pay supplemental covering 68 percent of new pay costs is pending right now in Congress.

In reality, this prospective absorption factor is really no more than a disguise for a deep programmatic cut. Without these funds, the VA has essentially three options, or a combination of them, in the health care area—have less personnel, treat less veterans, or buy less supplies and equipment.

To tell what the Budget Committee proposal and the Baker modification really propose for the VA's medical care and research accounts, we must allocate that minus $148 million in appropriate proportions to each of the function 700 accounts entailing personnel costs. To make that allocation, I requested a Veterans' Affairs Committee staff member to ask the appropriate CBO staff member to provide a neutral, objective basis for doing so, and she has provided a May 19 memo, which I earlier inserted in the RECORD, showing the account-by-account allocation "according to the distribution of total function obligations for personnel compensation, as reflected in the President's 1983 budget request * * *" I do not think there can be any argument whatever with that analytical approach.

The results show a $129.3 million reduction in the medical care account. Thus, as the memo makes clear, a $287 million restoration to the medical care account—which the Baker amendment makes—does not suffice to bring the Budget Committee proposal up to the President's budget level—it is $129.3 million short.

Our amendment would make that restoration, and I want to emphasize how badly needed it is. In this regard, I would note that the Veterans' Affairs Committee's March budget report included a most significant discussion of the point that, although the committee was recommending acceptance of the administration's proposed levels for the medical care account, there were serious concerns that those levels entailed underfunding in some areas. In this regard, the committee noted that it was "deeply concerned about the effect that these potential funding deficiencies might have on the VA's Department of Medicine and Surgery's ability to provide the levels of health-care personnel necessary for it to support the patient-care workloads set forth in the budget request." The Veterans' Affairs Committee chairman, my good friend from Wyoming (Mr. SIMPSON), and I reemphasized this point in a letter to the Budget Committee's chairman (Mr. DOMENICI) and ranking minority member (Mr. HOLLINGS) dated March 31, 1982, noting the Veterans' Affairs Committee's view "that the President's request for the medical care account is one that leaves no margin for further reductions if the VA is to be able to provide the staffing levels and meet the patient-care workloads that have been proposed by the administration and are fully supported by our committee." We again addressed our concerns on this point in a letter to the Budget Committee chairman (Mr. DOMENICI) and ranking minority member (Mr. HOLLINGS) in a May 5, 1982, letter, dealing with the impact of a freeze on various VA programs, in which we strongly recommended that the Budget Committee not include in the budget resolution levels that would require the VA's Department of Medicine and Surgery to bear a reduction from the President's requested level for fiscal year 1983.

Mr. President, I ask unanimous consent that copies of the March 31, 1982, and May 5, 1982, letters from the chairman (Mr. SIMPSON) and me to the Budget Committee's chairman (Mr. DOMENICI) and ranking minority member (Mr. HOLLINGS) appear at this point in the RECORD.

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

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., March 31, 1982.

Hon. PETE V. DOMENICI,
Chairman.
Hon. ERNEST F. HOLLINGS,
Ranking Minority Member, Committee on Budget, U.S. Senate, Washington, D.C.

DEAR PETE AND FRITZ: Our Committee has very recently received and had an opportunity to review March 17 and 18 budget data prepared by the Congressional Budget Office setting forth CBO's latest account-by-account estimates of the fiscal year 1983 (and outyear) "current law" costs or programs within Function 700, Veterans' Benefits and Services, as well as reestimates of the President's budget requests and "baseline" estimates for each Function 700 account. Our Committee's March 8, 1982, report to your Committee on our fiscal year 1983 budget views and estimates for veterans' programs were based on the CBO February 5, 1982, estimates of current law costs provided to us by your Committee.

Because we understand that your Committee will be using the new and additional CBO estimates in marking up the first concurrent budget resolution for fiscal year 1983, we would like to indicate to you and your Committee members our views on those estimates.

MISSIONS 1, 2, AND 4

The accounts in Missions 1, 2, and 4 (subfunctions 701, 702, and 704) consist of entitlement accounts and various trust funds and revolving funds. With respect to your reliance upon reestimates for these missions—which in Mission 1 are in total substantially below the President's request and below the current law estimates that our Committee used in its March 8 report—we wish to stress our understanding that the accuracy of these reestimates of current law costs and of the cost of the cost-of-living adjustment (COLA) in the service-connected disability compensation account are dependent upon the accuracy of CBO's assumptions relating to future caseloads and economic conditions and that, if those current law and COLA costs eventually prove to be higher or are reestimated at higher levels, corresponding upward adjustments in the functional totals would be made in subsequent fiscal year 1983 concurrent resolutions.

MISSIONS 3 AND 5

With respect to Mission 3 (subfunction 703), which covers Veterans' Administration health-care and construction programs, and Mission 5 (subfunction 705), which covers primarily the management and administration of all VA benefit programs other than health care, as noted in our Committee's March 8 report, the Committee has recommended acceptance of the President's total budget requests for these missions, and considers that those requests would provide only marginally adequate support for the programs involved. We would like to emphasize, however, that we have very serious concerns with respect to any possible reliance on the CBO current law or baseline estimates as providing adequately for those programs. In this respect, our major budgetary concerns focus primarily on three accounts: medical care and minor construction (Mission 3) and general operating expenses (Mission 5).

Medical Care.—With respect to the VA's medical care account, which provides funding primarily for the operation and maintenance of VA health-care facilities, we note that the CBO baseline estimate is $96.7 million less in budget authority and $88.8 million less in outlays than the President's request. As we indicated in some detail in our report (part 2(b) of the discussion of Mission 3), although our Committee recommended acceptance of the President's request, we pointed out several areas in which the President's request reflects significant problems of potential underfunding. We stress our Committee's view that the President's request for this account is one that leaves no margin for further reductions if the VA is to be able to provide the staffing levels and meet the patient-care workloads that have been proposed by the Administration and are fully supported by our Committee.

It should be noted that the fiscal year 1982-to-fiscal year 1983 increase in the CBO

baseline estimate would provide for an increase in appropriations of only 6.2 percent, and that even that increase is based on a fiscal year 1982 level that does not take into account the fiscal year 1982 costs (more than $150 million) of the October 1981 federal civilian pay raise for employees paid under this account, for the cost of which the VA has received a deficiency apportionment up to this point. Taking that fiscal year 1982 cost element into account, the fiscal year 1982-to-fiscal year 1983 increase in the baseline estimate would be only 3.9 percent. Further, we note that, as we understand it, the CBO model for computing baseline estimates does not take into account the costs—which we believe clearly should be assumed to be appropriate and necessary for budget purposes—of activating new facilities, the construction of which Congress has previously approved and funded. The total fiscal year 1983 costs for this essential component of the VA budget are $179.5 million and if added to the CBO baseline estimates would cause that estimate to exceed by more than $80 million the level we are recommending.

Construction.—The baseline estimate for the VA's minor construction account, which funds VA medical construction projects of less than $2 million, provides for appropriations of $82.5 million less than the President has requested. We note that substantial reductions made in the fiscal year 1982 appropriation for this account caused some necessary projects to be postponed to fiscal year 1983. Construction funded under this account covers a wide range of projects for modifications and minor additions that are necessary for the effective and efficient functioning of existing VA facilities, many of which are quite antiquated; for the correction of fire and safety deficiencies; and for the correction of various other deficiencies that have been cited by the Joint Commission on the Accreditation of Hospitals. We thus believe that reductions in the President's request for this account (aside from the $12 million reduction in the combined major and minor construction accounts that our Committee has recommended in order to offset increases we recommend in certain high-priority health care activities) could jeopardize the affected VA facilities' ability to provide quality care or the safety of the environment in which that care is provided.

Thus, we strongly urge that you recommend no reductions in the President's total request for fiscal year 1983 funding for the medical programs in Mission 3.

General Operating Expenses (GOE).—With respect to the VA's GOE account, the major account in Mission 5, for which our Committee recommended acceptance of the President's request, we note that the CBO baseline estimate would provide for the appropriation of $16.5 million less than the President has requested. Again, substantial reductions were made in this account in the fiscal year 1982 appropriations Act (Public Law 97-101). If substantial cuts were to be made in the President's current request for this account, we believe that the effective administration of various VA benefit programs—including service-connected disability compensation and vocational rehabilitation programs, the GI Bill, and the pension and burial benefit progams—would be impaired and that a slow-down in the processing and adjudication of claims for benefits, with consequent hardship for deserving veteran-applicants, could result.

Proposed GNMA-MBS Ceiling.—We are also concerned about the Administration's proposal to place a commitment ceiling of $38.4 billion on the Government National Mortgage Association mortgage-backed security (GNMA-MBS) program for fiscal year 1983—almost 50 percent less than the fiscal year 1982 ceiling of $68.25 billion—and the effect that such a ceiling would have on the VA's home-loan guaranty program and the availability of housing assistance for eligible veterans through the VA.

The GNMA-MBS program provides the major source of financing for VA-guaranteed loans. Approximately 70 percent of all VA-guaranteed loans that are originated by mortgage lenders are placed in GNMA-MBS pools, and the securities backed by these pools are sold to a diverse group of private investors. Thus, a reduction in the GNMA-MBS credit ceiling would have an impact on the supply of mortgage money available to fund VA loans, and could reduce the availability of credit to veterans seeking to purchase homes under the GI Bill home-loan program.

It should be noted that increasing the commitment ceiling level would not increase budget outlays or the budget deficit since the GNMA-MBS program is entirely supported by user fees. We urge you to keep these considerations in mind as you review this proposal.

We would greatly appreciate your consideration of the concerns we have expressed in this letter in your deliberations on budget levels for veterans' programs. If you have questions regarding any matters that we have raised, please have members of your staff get in touch with the staff of the Committee on Veterans' Affairs.

With warm personal regards,

Cordially,

ALAN K. SIMPSON,
Chairman.

ALAN CRANSTON,
Ranking Minority Member.

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., May 5, 1982.

Hon. PETE V. DOMENICI,
Chairman.

Hon. ERNEST F. HOLLINGS,
Ranking Minority Member, Committee on the Budget, U.S. Senate, Washington, D.C.

DEAR PETE AND FRITZ: It has come to our attention that one of the options presently under consideration by your Committee for resolving the fiscal year 1983 budget impasse is an across-the-board appropriations freeze at fiscal year 1982 levels for discretionary spending. We wish to convey to you our very great concern about such a course of action insofar as Function 700 is concerned.

By far the Function 700 account that would be most affected by such an appropriations freeze would be the medical care account, for which both the Administration and this Committee have recommended fiscal year 1983 budget authority of $7.5 billion. You will recall that we have expressed to you on two recent occasions—in our March 8, 1982, report of budget views and estimates to your Committee and again in a letter dated March 31, 1982—our deep concern about the rather precarious funding situation facing the Veterans' Administration's Department of Medicine and Surgery in both fiscal year 1982 and fiscal year 1983. We refer you to those materials, and on the basis thereof strongly recommend that the Budget Committee not include in the budget resolution levels that would require the Department of Medicine and Surgery to bear a reduction from the President's requested level—such as the $530 million reduction that the freeze would entail—for fiscal year 1983.

We are concerned also about the effect that such a freeze would have on funding for the VA's general operating expenses account for fiscal year 1983. This account took a $26 million cut last year that it could ill afford, and we believe that the $53 million reduction resulting from a freeze would severely impair the VA's authority to administer effectively on a timely basis the broad range of benefits and services that the Congress has enacted to meet the needs of the Nation's veterans.

For these reasons, we would request that if your Committee decides to pursue this freeze option, all discretionary spending in Function 700 be exempted. We note that there is precedent for such an exemption in appropriations actions taken last year with respect to the VA medical care account.

We would also like to take this opportunity to comment upon your April 13 response to our March 13 letter urging that your Committee not assume that CBO baseline estimates for Missions 3 (VA health-care and construction programs) and 5 (primarily VA management and administration) provide adequately for the programs included in those missions. In the next-to-last paragraph of your letter, you noted that when our Committee's March 8 recommendations "are adjusted to take the most recent CBO estimates into account, the total [Veterans' Affairs] Committee recommendation is the same as the CBO current policy baseline for Function 700 . . ." You go on to note that "the net effect is that [the Veterans' Affairs] Committee has recommended Function 700 totals for fiscal year 1983 that are the same as the totals in the CBO baseline that we are using for markup."

It is very important to note, however, that our Committee's recommendation is not a "current policy" recommendation and that the major reason our Committee's recommended overall Function 700 totals (adjusted apparently to take into account CBO reestimates of Missions 1, 2, and 4 accounts) are the same as the CBO current policy baseline totals is that our Committee has recommended savings (of $150 million) not taken into account by those CBO totals while the CBO totals do not make adequate provision for Missions 3 and 5. Thus, we continue to believe that the points that we made in our March 31 letter are relevant and important and urge that you recommend no reductions in the President's total requests for fiscal year 1983 funding for Missions 3 and 5.

We appreciate your consideration of our proposal.

Sincerely,

ALAN K. SIMPSON,
Chairman.

ALAN CRANSTON,
Ranking Minority Member.

Mr. CRANSTON. Thus, Mr. President, as my good friend and colleagues from Florida (Mr. CHILES) and Maine (Mr. MITCHELL) have already emphasized, there is no fat in this account as the President requested it be funded. Cuts here mean less health care for eligible veterans.

Thus, Mr. President, it is important to put some flesh on the bare bones that the dollar figure that we are dis-

cussing—the reduction of $129 million for VA medical care—represent. I do not have a precise analysis of the impact on the VA's Department of Medicine and Surgery if this amount is not restored. We have barely had time to digest the figures ourselves, much less receive detailed information from the agency. However, it is possible, on the basis of a very brief analysis provided by the Administrator in his May 18 response to a request by the Veterans' Affairs Committee chairman (Mr. SIMPSON), and me for the agency's view on the impact of the funding levels originally recommended by the Budget Committee, to translate the impersonal dollar figures into real people, both VA employees and veteran-patients, and then to consider the implications of not restoring the fiscal year 1983 funding level to the President's level, as supported by the Veterans' Affairs Committee and the Administrator of Veterans' Affairs.

Mr. President, in the area of VA health-care personnel, extrapolating from the analysis provided by the VA Administrator in his letter, if the pending amendment is not adopted and the agency dealt with the funding shortfall, in fiscal year 1983, by reducing the number of its health-care employees, the agency would have to lose over 5,500 employees. Such a loss, no matter how applied across the system, would be devastating. If most or all of the reductions were in direct-care providers, the impact on the quality and quantity of health care provided to eligible veterans would be immediate. If the agency instead tried to meet this $129 million reduction through the elimination of support and indirect-care positions, the results would be very similar because many direct-care employees would be pulled away from actually providing care and instead would have to perform some of the other jobs—ranging from clerical jobs to cleaning tasks—that had been carried out by the employees who were let go. In either event, it is certain that an employment reduction of this magnitude would result in slower, less adequate health care being provided.

Mr. President, compared to other health-care systems, the VA's is very thinly staffed, and there are few if any facilities in the system that could take any significant reductions in personnel levels and still deliver quality health care. Thus, I cannot help but believe that employee reductions of this magnitude would have to be met by closing entire wards, clinics, nursing homes, or other units and, probably, some entire facilities, and as my colleagues appreciate, the closing of VA health-care units and facilities would have very serious ramifications. The most serious result, of course, would be that the veterans—including those with diseases or disabilities incurred during their service—in the areas served by the facilities to be closed will lose currently available access to VA health care. The service-connected veterans will continue to be eligible for care through the VA—on a fee-for-service basis which almost certainly will cost the Government more on a per-episode basis than providing care through the VA—but those currently receiving care by virtue of being over 65 or being unable to defray the cost of the needed care will be left with no further access to VA care, a result that seems particularly ill-advised as other alternatives to VA care become more restrictive or expensive or both. I am unable to understand why we would want to endorse such a result.

Mr. President, although obviously interrelated with employment reductions, another way in which the VA might seek to deal with this reduced level of funding for fiscal year 1983 that will result if the pending amendment is not adopted would be in reductions in the actual number of veterans treated by the VA in fiscal year 1983. In this regard, the VA's earlier analysis indicates this option would result in over 40,000 fewer veterans being provided hospital care than the President recommended in his budget if the agency has to operate at the Baker amendment's reduced level of funding. At no time—either during the Veterans' Affairs Committee's deliberations on the fiscal year 1983 budget or since—has there been any suggestion that the President's projections of the number of patients to be treated by the VA in fiscal year 1983 was inflated, inaccurate, or inappropriate. Nor has there been any suggestion that the VA would be treating veterans who did not need care. Thus, if the Chiles-Mitchell amendment is not adopted and the VA makes the necessary reductions in the area of inpatient workload, VA hospital care will be provided to over 40,000 fewer eligible veterans who need that care. What is the possible justification for such a result? Why should over 40,000 veterans in need of inpatient care be turned away? I do not have answers to those questions, nor have I heard any satisfactory answers offered here today.

Mr. President, in a similar vein, if the pending amendment is not adopted and the VA assigns all the $129 million reduction to the area of outpatient visits, the agency's analysis would yield a reduction of over 1¾ million fewer episodes of outpatient care being provided to veterans in fiscal year 1983 than was recommended by the President.

I reject the notion that we should tell sick and disabled veterans in these vast numbers, "Sorry, you can't get treatment." The only basis for such denials of care would be the effort to reach a budget figure that has not been justified on any programmatic grounds. I recognize that the VA cannot treat all veterans for any and all diseases and disabilities and that, for that reason, the agency projects numbers of patients that will be seen in a given year. However, those projections—which form the basis of the President's budget—are based on historical data and estimates based on experience. What we would be doing by not adopting the pending amendment would be substituting projections that have no basis in fact or experience.

I do not believe any of these approaches are defensible approaches. These reductions would be totally arbitrary, and I urge my colleagues to reject them.

MEDICAL CONSTRUCTION

Mr. President, with respect to the VA's medical-facilities construction program, the Budget Committee proposal would reduce appropriations below an already bare-bones level requested by the President for major and minor construction projects. It would cut $136.2 million in fiscal year 1983 and freeze the resulting reduced level through fiscal year 1985. The Baker modification restores none of this funding. The effect of this reduction is, according to the letter received from Administrator Nimmo yesterday, that, in fiscal year 1983 alone, four or five fully funded projects would be deferred or that only design—and not construction—funding would be sought for four or five planned projects and that these actions would be supplemented with reductions in nursing home projects, energy conservation, and the advance planning fund.

The cost ineffectiveness of this shortsighted approach to the VA's construction program is overwhelming. For each year that a construction project is postponed, the cost of the project increases by about 9 percent. That means, Mr. President that a delay for 3 years of $136.2 million in fiscal year 1983 construction projects will raise the cost of those projects to $176.4 million—a $40.2 million increase. It should also be stressed that that increase is experienced only from the postponement of fiscal year 1983 projects and, since the VA's most recent 5-year construction plan shows $1.4 billion in major construction projects for each of fiscal years 1984 and 1985—a level nearly four times the frozen budget authority level of $372.3 million—it can be assumed that other planned construction, costing far, far more than the $136.2 million in construction projects affected in fiscal year 1983, would need to be postponed in fiscal year 1984 and fiscal year 1985 and would result in further, enormous increases as a result of inflation.

In connection with this approach of postponing and postponing again and again the bulk of planned VA medical construction projects, I would like to

emphasize the great importance of the VA of continuing to upgrade—and where necessary replace—its existing health-care facilities, many of which are antiquated and have reached or are reaching the point where they are no longer capable of functioning effectively and efficiently and providing a setting for providing the quality, modern medicine that our Nation's veterans need and deserve.

For this fiscal year, 1982, budget constraints have already forced postponement of VA construction projects totaling more than $100 million. This process cannot go on and on.

We cannot turn a blind eye to the consequences of continuing to impair the VA's construction program in the way that the Budget Committee and the Baker modification would require. Allowing real construction and renovation needs to go unmet year after year will produce rundown and outdated facilities that are not fit for the provision of quality health-care services.

GENERAL OPERATING EXPENSES

Mr. President, although the Baker modification would add $28.3 million to the level recommended by the Senate Budget Committee for the VA's general operating expenses, as a result of the pay absorption problem which I discussed a few moments ago, the Baker proposal still leaves a reduction of $13.7 million.

Since the general operating expenses account is a personnel-intensive one and much of the nonpayroll funding is nondiscretionary expenditures for office space, communications, and utilities, a $13.7 million reduction could well, unless reversed, lead to staffing reductions in the form of RIF's, furloughs, and hiring freezes. Based on information provided in the Administrator's letter of May 18—and extrapolating again as it was necessary to do in connection with the medical care account—it would appear that we could expect a reduction of about 500 VA employees in fiscal year 1983 if the funding level is not increased to the level proposed in our amendment.

The consequence of this reduction in personnel levels means slower claims processing, fewer services to veterans, and general disruption to a system that is already struggling to absorb reductions required by fiscal year 1982 appropriations levels.

CONCLUSION

I appreciate the good sentiments and reassurances from my friend from Wyoming. But somehow, I am not reassured.

Generalities are fine, but you cannot build a budget out of fluff and good intentions. The numbers tell the truth.

And the harsh reality of the numbers being proposed in the Baker modification is that they add up to unfairness for veterans, especially those who are disabled, service connected, sick, poor, and elderly.

The Senate has a right to know what the implications are of the numbers being proposed, and we are not getting that at all. Indeed, the Senate needs to know clearly what it is allocating to entitlements—compensation, pension, and the GI bill—and what it is allocating to the so-called discretionary appropriation accounts—principally, medical care, medical research, construction, and general operating expenses. We must know this in order for the Senate's will be to reflected in the allocation to the Veterans' Affairs Committee made in the crosswalk in the explanatory statement accompanying the conference report on the first budget resolution. That is because our committee is allocated only spending authority as defined in section 401(c)(2)(C) of the Budget Act, the so-called entitlement accounts, and not the appropriated accounts which are allocated to the Appropriations Committee only.

So what is intended is the key, and the Baker modification clearly is posited on theses—which I urge the Senate to reject—of depriving veterans of fair cost-of-living adjustments and providing partial restorations for VA health-care programs.

Mr. President, I would like to address these final closing remarks to my colleagues on the other side of the aisle. What Senators CHILES, MITCHELL, DECONCINI, RANDOLPH, and I and others have really been asking for in urging your support for this amendment is:

Follow your President who requested these levels in his original budget.

Follow your administrator of Veterans' Affairs who, in his May 18 letters to Senator SIMPSON and me, has stated that he continues to support the President's levels.

Follow all seven Republican members on the Committee on Veterans' Affairs who supported them in our committee's March budget recommendations for veterans' programs. It seems to me that this is not asking very much for the sake of the Nation's veterans—even though the President of the United States has now forsaken them by endorsing the Budget Committee cuts—and I urge your support of this amendment.

Mr. CHILES. Mr. President, I yield 4 minutes to the distinguished Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. MATSUNAGA. Mr. President, as a member of the Committee on Veterans' Affairs, and as a cosponsor, I rise in support of the Chiles amendment to restore funding to the veterans function in the first concurrent budget resolution.

As the distinguished sponsor of the amendment, the Senator from Florida (Mr. CHILES) and others have already stated, this amendment seeks only to restore funding for fiscal 1983 veterans programs to levels which are adequate and essential to the proper administration of these programs, as determined by the Veterans' Affairs Committee and, in most cases, the administration itself.

At the outset, Mr. President, let me say that as a member of the Veterans' Affairs Committee, I welcome the changes in the veterans function contained in the Republican modification of the original Senate Budget Committee budget resolution. This is, indeed, a step in the right direction and I commend the members on the other side of the aisle who were instrumental in convincing the Republican leadership of the wisdom and the pressing need for these changes.

The level of veterans funding recommended by the Budget Committee in its original resolution was particularly disturbing to members of the Veterans' Affairs Committee and to the national veterans organizations who thought that our committee had come up with a responsible and reasonable veterans budget compromise with the administration.

I think it is safe to say that even the Veterans' Administration shuddered when, in response to a letter from the chairman and the ranking minority member of the Veterans' Affairs Committee, it began to look into the potential impact of the Budget Committee's proposals on veterans and veterans programs.

The original budget resolution recommended by the Budget Committee would have frozen cost-of-living increases for compensation received by service-connected disabled veterans and for pensions received by veterans and survivors of veterans who died from service-connected causes, many of whom depend upon these funds for survival.

The original resolution would have made deep cuts in VA medical care accounts which would, in my judgment, have nearly crippled the VA health care system by forcing the closing of numerous VA hospitals and clinics and by reducing health care staff.

The original resolution would have cut deeply into the medical research account, which was cut substantially last year, thereby damaging ongoing research efforts.

The original resolution would have also cut VA general operating funds far below the levels recommended by the Veterans' Affairs Committee and the administration, resulting in serious personnel, equipment purchasing and other operational problems for the VA.

Unfortunately, Mr. President, although the modified budget resolution

addresses these problems to some extent, it has not gone far enough.

First of all, the modification does not restore any money for veterans pension cost-of-living increases for fiscal 1983. This is disturbing, Mr. President, because many pensioners depend heavily on these checks to make ends meet during these tough economic times. It is even more disturbing because we would be, in effect, singling out veterans pensioners to carry a disproportionate burden of the budget cutting effort. In the modified budget resolution, we are giving cost-of-living increases to social security recipients, to supplemental security income recipients, and to veterans disability compensation recipients. How can we then say that veterans pension recipients do not need a cost-of-living increase in the next fiscal year? Veterans pensioners, as well as disability compensation recipients, who have honorably and heroically served or sacrificed for their country, need and deserve these cost-of-living increases. The Chiles amendment would restore a cost-of-living increase to VA pension recipients in fiscal 1983.

Second, in the critical medical care account, the modified budget resolution falls short of restoring the President's recommended level of health care funding by some $129 million. The authors of the modification failed to take into account the $148 million which the VA must absorb in pay raise costs. If the medical care account is required to absorb the $129 million difference, we run the risk of forcing the VA to curtail certain important medical services to veterans. The Chiles amendment would restore adequate funding to the medical care account.

Third, the modified resolution falls short by some $13 million of the President's recommendation for VA general operating expenses (GOE). It is important that this difference be made up in order to enable the VA to adequately staff, equip, and operate VA hospitals and clinics. The Chiles amendment would restore that amount and the President's mark in the GOE account.

Fourth, in the VA construction account, the modification makes no change from the original resolution which was set at $136 million below the President's request in construction appropriations. In my view, Mr. President, a cut of this magnitude in new VA medical facility construction is unwarranted, unjustified, and just plain shortsighted. It will be a major setback to the VA's long-running effort to upgrade the quality of the medical care it provides to veterans in every part of the country. As as member of the Veterans' Affairs Committee, I have heard testimony that indicates that a number of VA facilities around the country are getting old and outmoded. They do not have the room or the physical capacity to hold much of the new, modern medical equipment which should be available to treat veterans. As a consequence, veterans going to these hospitals are not receiving the best and most comprehensive care to which they are entitled. Major cuts in new construction such as those proposed in both the original and modified budget resolutions will only perpetuate this problem and lower the overall quality of veterans health care. The Chiles amendment, Mr. President, would restore what the administration and the Senate Veterans' Affairs Committee believes to be a reasonable construction budget for the VA—one that will permit the necessary modernization of the VA health care system.

Mr. President, apart from the immediate needs of the Veterans' Administration, we must look beyond the next fiscal year, and the year after that, and even the year after that. As we stand here on this floor making judgments on funding levels for VA medical care, for health care staffing, for medical equipment purchases, for the construction of new hospitals and clinics, we must look at veterans needs in a broader perspective. We must look at our future obligations to veterans, at the future needs of veterans in term of health care, as we make these crucial budgetary decisions. In short, Mr. President, we must not be shortsighted where the veterans of this Nation are concerned.

The fact of the matter is, Mr. President, that we will, in the coming years, be faced with a greatly increased demand for VA medical care. We must face this fact. It is real, it is acknowledged by the Veterans' Administration, and it will be upon us sooner than we think.

For the benefit of my colleagues, let me recite a few statistics about veterans that are crucial to this debate, but which, I believe, are not being heeded.

It is a fact that over the next decade, most of the 12.6 million veterans of World War II, now averaging 59.1 years of age, will be 65 years of age or older. According to the Veterans' Administration, veterans over 65 need five times—I repeat—five times as much health care overall than those under 65.

Every 5 years after 1985, another 4 to 5 million veterans will join the over-65 group, and, by 1995, there will be an estimated 8,043,000 veterans over age 65, a figure which is nearly triple the 1980 level.

VA officials predict that as a result, the demand for VA hospital facilities for patients over 65 will jump by 11,000 beds—I repeat—11,000 beds over the next 6 years. And the number of veterans needing nursing home care is projected to soar from 120,000 in 1980 to 272,000 by the year 2000.

In view of these sobering statistics, Mr. President, rather than reducing funding for VA health care, rather than cutting back on VA health care facility construction, we ought to be planning for the future health care needs of our veterans and funding what needs to be funded, to make sure that when the time comes—and it's coming fast, Mr. President—the Veterans' Administration will have the capability to meet the needs of veterans. For our own national security we must look upon care of our veterans as part of our national defense effort.

We can do just that, Mr. President, by taking the only responsible course available to us, and that is to approve the Chiles amendment which will bring the funding of the veterans function in the modified budget resolution to levels which are adequate for the care of our Nation's veterans now and in the future.

I urge the adoption of the Chiles amendment.

Mr. CHILES. Mr. President, how much time does the Senator from Florida have remaining?

The PRESIDING OFFICER. The Senator from Florida has 5 minutes remaining.

Mr. CHILES. I yield 2 minutes to the Senator from Arizona.

Mr. DECONCINI. I thank the Senator from Florida.

Mr. President, I am pleased to be a cosponsor of the Chiles amendment. As Senator CHILES has already noted, this amendment would simply restore to function 700 the levels of funding that were recommended in the President's budget for the Veterans' Administration and that were unanimously approved by the Senate Veterans' Affairs Committee.

Although the substitute budget before us now represents an improvement over the original Domenici budget vis-a-vis veterans, it remains inadequate. The substitute restores $600 million in fiscal year 1983 budget authority, and $500 million in outlays, but it falls far short of the $1.3 billion in budget authority and $1.1 billion in budget outlays which would be required to achieve the President's, as well as the Senate Veterans' Affairs Committee's, recommended funding levels. The substitute restores funding for VA medical care, medical research, general operating expenses, and would provide for a 4-percent cost-of-living increase for severely disabled veterans—those rated 70 percent or more.

It does not, however, restore recommended funding levels for VA medical construction; it does not provide for a cost-of-living increase for most disabled veterans in fiscal year 1983; it does not provide an adequate inflation adjustment for pension recipients; and it does not provide for a cost-of-living increase for survivors of veterans who died of service-connected causes. This is simply unacceptable in my view.

I commend Senator CHILES for the battle he waged in the Budget Committee and is now waging on the Senate floor to preserve essential funding for vital VA programs, and I am pleased to join him in this endeavor.

As I have indicated on many occasions, this is not the time to reduce our commitment to VA medical construction. World War II veterans are rapidly approaching the age of 65, at which point they will have eligibility for VA care. The VA medical centers in my State are already overburdened and understaffed. They will clearly not be able to meet the health care demands of our elderly veterans if planned construction does not proceed on schedule.

The elimination of cost-of-living increases for most disabled veterans and the inadequate increase for pension recipients in fiscal year 1983, and the capping of those COLA's at 4 percent in fiscal years 1984 and 1985 is, very simply, inequitable and unfair.

As you know social security disability recipients will be receiving a 7.4 percent COLA on June 1. Supplemental security income recipients will also be receiving an inflation adjustment in their benefits. How can we deny those same increases for their veteran counterparts?

I strongly support Senator CHILES efforts to provide equal treatment for veterans. His amendment provides for a 7.4 percent increase for cost-of-living increases for veterans' compensation and pension recipients, and for the survivors of veterans who died of service-connected causes. If the Chiles amendment is not adopted, I intend to offer that portion of the pending amendment that deals with the COLA issue. It is an issue of paramount importance to millions of disabled veterans and wartime needy and elderly veterans. It is an issue which merits separate consideration by this body.

Although I shall continue my efforts to balance the budget, I believe that veterans are a very special category of citizens. They served their country with every expectation that promised services and benefits would be honored. This is a national obligation and I urge my colleagues to adopt the Chiles amendment.

Mr. PRYOR. Mr. President, I support the amendment submitted by Senator CHILES.

Our veterans health care system is more than just a general provider of health care. It provides additional services such as general and specialty clinics, research centers, nursing homes, an integrated system of teaching hospitals, and other facilities that provide a broad range of inpatient and outpatient health-care services. We have 30.1 million eligible veterans in the United States who can make use of these services through the use of 172 hospitals, 228 outpatient clinics, 92 nursing homes, and 16 domiciliary facilities. It is vitally important that we continue to support and wherever possible, expand these services to those veterans who are eligible for VA treatment and health care.

In Arkansas alone we have 280,000 veterans of which 26,000 have service-connected disabilities. Our three hospitals serving these Arkansas veterans are located in Little Rock, North Little Rock, and Fayetteville. The Little Rock Veterans Hospital experienced 160,000 outpatient visits last year and provided medical services for another 19,000 veterans on an inpatient basis. At the present time there are 1,300 veterans being treated in that facility.

Veterans programs have been the target of a substantial portion of proposed budget cuts over the past few years, yet I can not think of a more appropriate group of Americans to receive Federal benefits than those who have honored and defended the rights and freedoms that all of us experience on a daily basis. They have served this country. They have sacrificed. We all share an obligation and a commitment to assure that their response to our country's needs is not forgotten. The debt that we owe them goes far beyond a line item in this budget.

I recognize that total Government spending must be reduced and I will support efforts to cut "Government waste." Veterans programs, however, serve people in a direct and important way and reductions in this area would mean that the Government is not honoring its commitments. We must not let this happen.

I urge support for Senator CHILES' amendment to restore these funds and to reinforce the obligation that we owe our Nation's veterans.

Mr. CHILES. Mr. President, I yield myself 3 minutes.

I listened with interest to the distinguished Budget Committee chairman when he said that he hoped the chairman of the Veterans' Affairs Committee, Mr. SIMPSON, could tell us that he would be able to restore all of the pay to all of the veterans who are disabled and not just the ones who are 70 percent disabled.

When I heard that, it piqued my hope. I listened with interest to the distinguished chairman of the Veterans' Affairs Committee. I heard at the close of his remarks that there was the flexibility within the Committee to be able to make such changes.

But, Mr. President, I do not think we should be deluded to the fact that there is that kind of possibility. We are talking about, under the numbers that are now before us, we are talking about 2 million disabled veterans will be cut and will not receive a cost-of-living adjustment. Those are 2 million disabled American veterans. All the Republican modification restored was $442 million out of a $3.33 billion cut in disability compensation. So the resolution is still almost $3 billion short of what is needed to pay those costs. That is one-eighth of all Veterans funds that will be cut. So I do not think there is going to be any way that we could restore COLA's for compensation unless my amendment is adopted. But we are told that these people have to just kind of take their cuts and it is necessary for them to do so and that we will bust this budget.

You know, we could put this money back in without hurting the deficit at all, if we simply were at the figure of revenue increases of $125 billion, the figure which chairman DOMENICI first proposed, which the bipartisan "Gang of Seventeen" had sort of agreed to, and the figure that the President was ready to accept. This would not increase the deficit one bit, would not touch it one bit, if we had that minimum level of revenues available to meet those critical needs.

But you are saying to the 2 million disabled American veterans that are anywhere from 69 percent disabled on down: "We're not going to be able to give you your cost-of-living adjustment. We are going to give it to all the social security recipients, food stamp recipients, and SSI recipients, but you're a veteran and you're not going to get it. You have to take your share of the load. So just buckle up, Buddy, and get ready to take your share of the load."

The funding in our amendment is a number that the distinguished chairman of the Veterans Affairs Committee had recommended earlier. The number that we are talking about is his number. But things have changed since then.

What has changed is, instead of raising 125 billion dollars worth of revenue, which was agreed to, you decided to raise only $95 billion. What is changed is we have decided that we are going to take out the illusory social security cuts and the real deficits are going to show up at unacceptably high levels.

Mr. President, I will make two other points. One is that last year, when we had this big debate, we debated time after time on minimum social security payments. Those on this side of the aisle kept saying, time after time, "That is going to be restored before this is over." I really think that what we are talking about now is the same thing we were talking about last time with minimum social security.

The PRESIDING OFFICER. The time Senator has yielded himself has expired.

Mr. CHILES. I yield myself the remainder of the time.

I just predict that before this is over we are going to take care of our disabled American veterans. I will bet

you the package that is now working—remember Gramm-Latta came along, and after we had all these fights over here and our colleagues on the other side of the aisle, the Republicans voted to cut the veterans time after time, Graham-Latta came along. The President joined with them and, boom, they put the money for veterans back in. We have the "Boll Weevils" moving and they are moving with the "Gypsy Moths" and they are moving with the Republicans and we have got a package. What I am saying is before it is over they are going to put this money back. When you begin to find out who the 2 million disabled veterans are who you are cutting, you will want to put the money back, just like what happened when you realized your minimum benefit cut was hitting nuns and widows.

I would say to my friends on the other side of the aisle that I think we ought to do what is right now, tonight, and take care of these 2 million disabled American veterans. Do not let it just be done in the other House by the "Boll Weevils" and the "Gypsy Moths" and the Gramm-Lattas over there.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Does the Senator from Kansas desire to speak? We have 4 minutes remaining. I believe the chairman of the committee wanted 1 minute. I will yield 3 minutes to the Senator from Kansas and the last minute to Senator SIMPSON.

Mr. DOLE. Mr. President, the Senator from Kansas will just take a couple of minutes. Somebody mentioned SSI and how they are going to get an increase. But I might say that the single recipient veteran's pension averaged about $413 a month and SSI is $264 a month. A veteran's basic pension benefit is 56 percent higher than the SSI benefit for single recipients and 36 percent higher for recipients with one dependent.

It just seems to me that, for all the reasons stated—and again I am not a member of the Veterans' Committee, but I have been a service officer in the American Legion, Disabled American Veterans, and the VFW for a good many years of my lifetime trying to help disabled veterans. I do not know of any group more patriotic and more concerned about the future of their country than veterans.

I listened with interest to the Senator from Wyoming. I know some of the professionals in the veterans organizations are going to try to get more than we can afford. In fact, last year the Senator from Kansas had the temerity to vote against the veterans and he received a very nasty letter from a national veterans organization that had contributed to my campaign. Apparently they thought that because of their contribution I should vote their way. I sent the contribution back.

The VFW people in my State are still my friends. But you cannot satisfy the representatives of veterans. They are not here to be satisfied. They are like any other special interest group.

It just seems to me we are looking at how we equitably balance the need for reductions in spending and still provide for our veterans. As the Senator from Wyoming will tell you, we did not do badly last year in increases. This Senator does not believe this budget compromise will impact adversely on any seriously disabled veterans; 70 percent or more are still going to be taken care of. I think Americans veterans want to do their part and be part of the team working to restore our economy.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield the remaining time to the distinguished chairman of the Veterans Affairs Committee, Senator SIMPSON.

Mr. SIMPSON. Mr. President, after those remarks of Senator DOLE, really a man who has given not just time to this country but part of his very personhood to this country, I think you want to listen to that. It is kind of interesting. We have these tough choices coming up.

I am always interested in the debate because it is always the same. We always take care of our veterans because we always have and we always will.

If anyone tells you that we are taking the hospital beds and tipping them up on their heads and throwing them out on the floor of the hospital, try not to listen to that. That is the kind of stuff I have to wade through as chairman of the Senate Veterans' Affairs Committee—and "wade" is the word. At least they are cleaning up some of their letters that they send up to the membership which are often tinged between the absolute most bizarre and ghastely experiences.

One went out to the membership that said:

> The veteran is lying in his bed paralyzed. The food is on the table across the room, slowly getting cold because he can't get to it because there is nobody working there in that ward.

That is, as I say, the kind of stuff I have to wade through in this business.

So the tough choices are here. But I can promise you one thing. I will bet you—well, I will not bet you. I will not do that. I will just say to you that I am rather sure that in a budget of $26 billion that we will find enough bucks to go around to take care of every veteran in the United States, and properly so.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. Mr. President, I ask unanimous consent to have printed in the RECORD two tables that show that over the last 4 years veterans have lost in their real growth, and in the next 4 out of the 5 years they will also lose in real growth even under the amendment being considered. These tables were prepared by the staff of the Senate Budget Committee for our workup. Despite all the talk here tonight about how much power the veterans have, veterans' funding has simply not kept up with inflation. In real terms it declined 8 percent in 1977, 2 percent in 1978, 3 percent in 1979, and another 2 percent in 1980. It then fell 1 percent in 1981 and 3 percent in 1982. Add that all up, and it has fallen 18 percent behind inflation in the last 6 years. And even if we restored all the cuts back to the baseline, veterans' funding would decline another 3 percent in real terms next year. So, Mr. President, I am just not convinced that we are spending a disproportionate share of the budget for veterans' benefits. The real needs keep going up as more and more veterans reach retirement age. The Nation has a responsibility to those who gave up their health in its service, and we should provide the funds to meet that responsibility.

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

TABLE I.—FUNCTION 700: VETERANS BENEFITS AND SERVICES

[Historical data outlays in billions of dollars]

Major program	Actual fiscal year—				
	1976	1977	1978	1979	1980
Veterans compensation	$5.2	$5.7	$6.2	$6.7	$7.4
Veterans pensions	2.9	3.1	3.2	3.5	3.6
Veterans education, training, and rehabilitation	5.5	3.7	3.4	2.8	2.3
Hospital and medical care for veterans	4.0	4.7	5.3	5.6	6.5
All other	0.8	0.8	1.0	1.3	1.3
Total function	18.4	18.0	19.0	19.9	21.2
Nominal growth (percent)	11	−2	6	5	7
Real growth (percent)	6	−8	−2	−3	−2

Source: U.S. Senate Budget Committee.

TABLE II.—FUNCTION 700: VETERANS BENEFITS AND SERVICES

[Historical data outlays in billions of dollars]

Major program	Actual fiscal year 1981	CBO baseline projections; fiscal year—			
		1982	1983	1984	1985
Veterans compensation	$8.4	$9.5	$10.3	$11.1	$12.0
Veterans pensions	3.8	3.6	3.6	3.6	3.7
Veterans education, training, and rehabilitation	2.3	1.9	1.4	1.1	0.8
Hospital and medical care for veterans	7.0	7.5	8.1	8.4	8.7
All other	1.6	1.3	1.3	1.4	1.7
Total function	23.0	23.8	24.7	25.6	26.9
Nominal growth (percent)	8	3	4	4	5
Real growth (percent)	−1	−3	−3	4	−1

Source: U.S. Senate Budget Committee.

Mr. BENTSEN. Mr. President, I am pleased to join my distinguished col-

league from Florida, Senator CHILES, in cosponsoring an amendment to reinstate the cost-of-living adjustment for recipients of veterans pensions and compensation benefits, and to restore sufficient funds to the Veterans' Administration to allow the VA to provide adequate medical care for our Nation's veterans.

Over the years, we have called for and received great sacrifices from our men and women in uniform. At a time when an increasing number of our veterans are in need of medical care, we must not deny adequate resources to staff Veterans' Administration hospitals, clinics, and nursing homes. It is also equally important that we not reduce the pensions and/or compensation benefits that a number of our veterans are solely dependent on for subsistence.

Mr. President, I know that like all Americans, veterans suffer from the same ravaging inflation as all of us, and stand ready to join in the national effort to bring a halt to inflation and reduce Federal spending. However, we should not now shift our national obligations and responsibilities to our veterans by reducing medical care and pension and compensation benefits. I would like to remind my colleagues that the benefits received by our veterans were earned as a result of their unselfish service to our country. It would be a national disgrace to renege on our commitments to our veterans, and expect a new generation of Americans to answer the call of this country in the future.

However, incredible as it is, the Budget Committee has recommended a substantial reduction in medical benefits provided by the Veterans' Administration, and no COLA for veterans with disabilities rated below 70 percent and pension recipients. Mr. President, this is an outrage and I cannot endorse such a proposal that will invariably result in reduced medical care and promised economic benefits for the most needy of our veterans.

Mr. President, there are currently 30 million veterans in the United States, 10 percent of whom are over the age of 65. Further, 12.9 million of our World War II veterans are over the age of 62. Mr. President, many of these veterans have nowhere to look but the Veterans' Administration for health care, and I find it difficult to comprehend how we can now consider reducing funding for VA medical facilities.

If the committee's recommendations are approved, the Veterans' Administration would have to eliminate nearly 13,000 medical personnel and 4,200 beds, or 7,600-bed hospital over the next 3 years. This would also require canceling the activation of 76 hospitals, outpatient clinics, and nursng home facilities scheduled for opening during 1983. This needlessly endangers the quality and quantity of medical care the Veterans' Administration will be able to provide our veterans in the immediate future.

Further, approximately 2.3 millon veterans receive compensation benefits for service-connected disabilities. In addition, nearly 1.7 million veterans or their survivors receive pensions from the Veteran' Administration. These veterans are 100 percent disabled and solely dependent upon their pensions for subsistence. Yet, the committee has recommended that 1.9 million of the service-connected disabled veterans; 400,000 survivors of service-connected veterans; and 1.7 million pension recipients receive no COLA during the next year. Again, I find it hard to believe that we are attempting to transfer our economic troubles to those who have sacrificed at the expense of their own well-being for our Nation, and are now in dire need of economic assistance.

Mr. President, I urge all of my colleagues to join me in rejecting the committee's recommendation to cut medical care and freeze COLA's for our veterans, and to support the Chiles amendment. Failure to do so will not only inflict needless hardship on those who have already paid an enormous price for our freedom, but will also reduce the confidence of our young people in our sincerity and ability to maintain our commitments for future veterans.

I commend Senator CHILES for offering this amendment and urge its adoption.

Mr. SIMPSON. Mr. President, I note that the pending amendment would change the reconciliation instructions to the Veterans' Affairs Committee so as not to restrict the committee to recommending savings in entitlement accounts only. I was very sympathetic to this part of the pending amendment of the distinguished Senator from Florida. And before this amendment is fully debated, I would like to clarify my understanding of this matter with the distinguished chairman of the Senate Budget Committee. I would wish to focus on this matter which was not fully addressed in the technical correction which was made to the modified budget resolution submitted yesterday. In our discussions the chairman has made clear to me that he does not wish to change the reconciliation instructions to the Veterans' Affairs Committee. My specific concern is with the language found on page 27 at lines 10 and 11, as follows: "which provides spending authority as defined in section 401(c)(2)(C) of Public Law 93-334." This language appears to restrict reconciliation changes to entitlements only.

However, if the chairman of the Budget Committee would agree that the Veterans' Committee is able to act with sufficient latitude to allow the committee to determine the amounts which could be saved either by increasing receipts or reducing entitlements, the language change would not be essential to me. I simply wish to be reassured by the distinguished Senator from New Mexico that the Budget Committee agrees that savings the Veterans' Affairs Committee would recommend to meet our reconciliation instructions could be accomplished through offsetting receipts or entitlements, at our discretion, as long as the changes we recommend would satisfy the dollar amounts contained in our reconciliation instructions. Mr. Chairman, is this correct?

Mr. DOMENICI. Mr. President, in my opinion, the answer to the Senator's question is yes. The Veterans' Affairs Committee has broad flexibility in determining how to fulfill its reconciliation obligations under this resolution. It can do that through changes in pension laws or in laws affecting other VA accounts.

Mr. ROBERT C. BYRD. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Florida (Mr. CHILES), to restore funding for veterans cost-of-living adjustments and for veterans health care. It is particularly important to note what this amendment does regarding an equitable COLA for disabled veterans.

The Republican modification of the budget resolution assumes the elimination of COLA for most disabled veterans. It restricts the eligible veteran population very severely, by granting only a 4-percent COLA to those veterans who are 70 percent disabled. Thus, only 12 percent of disabled veterans would be eligible for this reduced COLA.

Yet social security recipients will receive their 7.4 percent COLA in July. Is this fair to veterans? It is inequitable on the face of it. It is unfair. This arbitrary singling out of disabled American veterans for a reduced COLA is a disgrace we ought to correct before the budget resolution goes any further.

The veterans of America fulfilled their commitment, and disabled veterans sacrificed for their country. We ought to at least return their commitment by giving them the same cost-of-living adjustment we are providing for social security recipients.

I urge the adoption of the Chiles amendment.

Mr. SARBANES. Mr. President, I rise in strong support of the amendment offered by the Senator from Florida, Senator CHILES, and the Senator from Maine, Senator MITCHELL, to restore funds to veterans' programs. This amendment would provide for full cost-of-living adjustments for veterans' pensions and disability compen-

sation payments and it would restore funds to veterans' health programs.

The budget resolution before us eliminates the annual cost-of-living adjustment for over 2 million disabled veterans and those who are low income and retired and receive a pension. It precludes veterans with up to 70 percent disability from receiving the annual adjustment in their compensation payment. These are men and women who served their country and suffered serious injury performing this duty. Mr. Sherman Roodzont, the national commander of the Disabled Veterans, points out that those veterans who will be prevented from receiving a cost-of-living adjustment would include veterans who have had an arm or leg amputated as a result of their service. Veterans who are considered over 70 percent disabled would receive a 4-percent adjustment under the budget proposal before us.

This budget proposal would also prevent veterans on a pension from receiving an annual adjustment to accommodate the cost-of-living increase. The recipients of these pensions are low-income retired veterans. Many times the pension they receive is their only source of income. At this time of economic hardship many of our veterans would find it impossible to meet their living needs without the adjustment. The amendment put forward by Senator CHILES and Senator MITCHELL would provide a full cost-of-living increase for our disabled veterans and those receiving a pension.

This amendment would also restore funds to the programs that meet the medical needs of the veteran. The budget resolution does not even provide adequate funds for the administration of veterans' hospitals and clinics to continue current service levels by approximately $700 million. We are at a time when the veteran population is getting older and their health needs increasing. We should certainly not address that need by severely reducing the funds that will enable us to provide adequate health services to our veterans.

It is incredible, Mr. President, that it is proposed to treat brave and courageous men and women who have sacrificed so much for their country in this unfair way. I urge my colleagues to support this amendment that would provide a full cost-of-living adjustment to our veterans and restore funds to the health service programs.

KEEPING OUR COMMITMENT TO VETERANS REQUIRES MORE THAN MERE WORDS

Mr. President, so often throughout this past year I have sat here on the floor and listened to my colleagues—both Democrats and Republicans—rise one by one to praise the sacrifices which our Nation's veterans paid to insure the freedom which all Americans enjoy today. On many occasions, I have joined in such statements—both here and in Delaware—because it is important to continually remind the Nation lest we forget. Many veterans are still paying for their service to the Nation. I speak of the 2.3 million disabled veterans and their families. I also speak of the tens of thousands of unemployed Vietnam-era veterans who are seeking nothing more than a place in the society they risked their lives for just a few years ago.

Unfortunately, many of my colleagues who are so quick to praise our Nation's veterans are unwilling to cast their votes in behalf of those same veterans. On a least five occasions last year, the Senate was faced with the decision of whether to restore funding for Veterans' Administration programs which were cut by President Reagan. On each vote, the veterans of our Nation lost. Yet the speeches on behalf of our veterans have not lessened. If anything, they have increased.

When President Reagan announced his budget for the year beginning October 1, 1982, in February, I was appalled at his recommendation that veterans with service-connected disabilities rated less than 50 percent would lose their dependency benefits while those who are between 60 and 90 percent disabled and are unemployable would lose the 100-percent compensation benefit they currently receive if they also receive help from other Federal programs.

Overall, the President's original budget requested a total of $24.4 billion for the Veterans' Administration or $300 million less than the amount needed to allow existing programs to keep pace with inflation. Then 2 weeks ago, the Republican majority on the Senate Budget Committee voted to adopt the so-called Domenici-Reagan compromise. This compromise between the President and the chairman of the Senate Budget Committee, Senator DOMENICI, provided only $22.7 billion for the Veterans' Administration or $1.7 billion less than the President's original budget request which was already $300 million less than was needed. I voted no to this "compromise". I am willing to work with the President to reach a true compromise which will reduce the deficit. But I am not willing to do so, if it means abandoning the commitment to our veterans—especially those with service-connected disabilities when other alternatives exist.

This $1.7 billion cut which is 7-percent less than the President's original request would be achieved by eliminating the 7.4-percent cost-of-living adjustment for both the compensation and pension programs this year, an adjustment which was scheduled to be made beginning July 1 for those receiving pensions, and on October 1 for those receiving compensation. In addition, $300 million of the $1.7 billion cut would come from the Veterans' Administration's health care programs. Not only is this compromise unacceptable, it is unconscionable. Yet when Senator CHILES and I sought to restore these funds to the amount needed to just keep pace with inflation, we lost on a vote of 4 to 10.

Then yesterday, a new Republican compromise was revealed. We were told that funds were being restored to the Veterans' Administration. Yet when the details were finally revealed, we found that only $400 million of the $1.7 billion which had been cut was being restored. What did this $400 million provide? Little more than a 4-percent cost-of-living adjustment to veterans whose service-connected disabilities are rated 70 percent or more; 4 percent—not the 7.4 percent which those veterans were expecting. Even more disturbing was the fact that veterans rated less than 70 percent would receive no COLA. Neither would any veteran currently receiving a pension even though by law their benefits were to be adjusted 7.4 percent on July 1. Finally, yesterday's amendment provided few funds to cover the shortfall in the Veterans' Administration's health care accounts. Once again, we heard a few good speeches but no real support for our Nation's veterans.

Now we are about to take another vote. Once again I have joined with Senator CHILES and Senator CRANSTON to cosponsor an amendment seeking to restore cuts which President Reagan has insisted upon. While another year has come and gone, the debate merely continues.

This amendment would provide the Veterans' Administration $24.4 billion. This is the amount which it needs just to keep existing programs at the same level as last year. It is not an increase. It is just holding the line. I hope a majority of my colleagues join with me tonight to express their support for our veterans in a concrete way rather than mere words.

Our veterans deserve more.

(UP AMENDMENT NO. 976)

Mr. BRADLEY. Mr. President, before the majority leader offered his party's revised budget we had announced our intention to seek a restoration of $300 million in veterans' health funding for fiscal 1983. I am pleased to see a change of heart in my colleagues on the other side of the aisle. They now recognize the importance of veterans' health funding and have themselves restored most of those moneys. These funds are a portion of the commitment this Nation has made to its soldiers, sailors, and airmen. We must not go back on this commitment.

The men and women who have served in the Armed Forces of this Nation deserve decent medical support. The mechanism now in place to provide this support is the Veterans'

Administration hospital system. Veterans' hospitals are badly in need of improvements. Last month I visited the outstanding veterans' hospital in East Orange, N.J. The hospital staff is quite capable and provides good service to the veterans of my State with the resources available. But, Mr. President, these resources are barely sufficient. The facility has no central air conditioning and the onset of summer weather brings severe discomfort to the patients in the hospital. The fire alarm system is old and inadequate, posing a potential threat to the staff and patients in the event of fire. Parking facilities are atrocious, jeopardizing many of the hospital's outreach activities directed especially toward Vietnam veterans. The new additions to the budget will help remedy these kinds of problems around the country.

Mr. President, there is another reason why we should honor the commitment to veterans health: that is our commitment to the soldiers, sailors, and airmen of tomorrow. Many Americans are eager to avoid the need to coerce young people into the Armed Forces. We would rather have our military manpower requirements met by young people who seek challenge, public service, and the respect afforded the military profession. To achieve this goal, we must make military service worthwhile, we must make the military experience challenging and exciting; we must pay soldiers, sailors, and airmen an attractive wage; we must help those recruits who do not pick up marketable skills while in the military to go to college or vocational school when they get out; and, finally, we must promise to provide the resources to care for them if they are disabled in the line of duty to their country. If we hesitate or falter in these endeavors, we make it more difficult to enlist volunteers, and we make coercion—that is, the draft—more likely.

Mr. President, it is precisely because of this commitment to those who have served our country in the military that I am saddened that the benefits of our disabled veterans have not similarly been taken care of. While the revised budget before us has restored a portion of the cost-of-living increase for those veterans who have at least a 70-percent service-connected disability, this covers only a small portion of our disabled veterans.

I am pleased to join with Senator CHILES in an effort to fully restore the cost-of-living increase to all disabled veterans. Those who have been impaired in service to our country should be entitled to our full gratitude—not just four-sevenths of it. The Chiles amendment presents us with the opportunity to keep our disabled veterans current with the benefits that they have every right to expect.

Mr. President, we have a commitment to military men and women who have served their country in the past. We have an obligation to those young people now considering the benefits of service to their country. While I am pleased that most of the rather minimal funds have been restored which insure that health services are available, on the whole, we will have rather dismal news for our veterans unless the Chiles amendment is passed tonight. I urge my colleagues to find the $700 million necessary to continue our commitment to the disabled veterans of America.

Mrs. HAWKINS. Mr. President, as a cosponsor of this amendment I rise in support of this effort to restore essential services and payments to our Nation's veterans.

I have been a consistent supporter of President Reagan's economic recovery program, and he continues to have my full support. Reduced Government spending, less regulation and taxation, is the only formula for the long-term economic health of our country.

However, I cannot stand idly by and watch as our veterans bear what I consider to be an unfair and disproportionate cut in their budget. Reductions in Government spending are necessary, but they cannot come from the men and women who have served our country so well and bravely.

I have talked with veterans in all parts of my home State, Florida, and I know that they are prepared to make whatever sacrifices necessary and reasonable in order to help restore our economic vitality. Our veterans have served us well on the battlefield and they are willing to serve us well again as we battle to bring order to the economy. I believe that we cannot tolerate additional cuts in these areas of critical veterans services and benefits.

I recognize and appreciate the attempts by the Budget Committee to reevaluate the needs of the veterans, and to restore some of the cuts that were recommended in committee. But, I believe even the latest recommendation from the committee is insufficient.

It prohibits a cost-of-living adjustment for veterans who receive pensions, it decreases the cost-of-living adjustment for disability compensation by 46 percent, and, finally it underfunds desperately needed hospitals and medical clinics.

These cuts are entirely unacceptable to me. I believe they constitute an abrogation of our commitment to the veterans of this country.

These cuts are particularly onerous because they affect the elderly, the poor, and those in need of medical care among our veteran population. It is ironic and sad that unless this amendment is accepted, the veterans who sacrificed so much for this country when it was in need, will be refused basic, minimal services in their hour of need.

This proposed action could be particularly devastating to my State. In Florida, the veteran population has grown so rapidly that the ability of the Veterans' Administration to meet the needs of the population is being taxed on a daily basis.

Mr. President, I urge my colleagues to remember the moral commitment this Nation owes to veterans as we consider this vote. In so doing I am sure you will join me in voting to restore these needed funds to the veterans' budget.

The PRESIDING OFFICER. All time has expired.

The Chair begs your pardon. Five seconds remain to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, I cannot say my name in 5 seconds.

The PRESIDING OFFICER. Time has now expired.

Mr. DOMENICI. I did not get a chance to say Domenici. [Laughter.]

Mr. President, I suggest the absence of a quorum and ask unanimous consent that it be charged to the time on the resolution.

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

The bill clerk proceeded to call the roll.

Mr. CHILES. 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. CHILES. 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 Florida. 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 Oregon (Mr. HATFIELD) is necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "nay."

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

The result was announced—yeas 46, nays 53, as follows:

[Rollcall Vote No. 134 Leg.]

YEAS—46

Baucus	Byrd, Robert C.	Eagleton
Bentsen	Cannon	Exon
Biden	Chiles	Ford
Boren	Cranston	Glenn
Bradley	DeConcini	Hart
Bumpers	Dixon	Hawkins
Burdick	Dodd	Heflin

Hollings	Matsunaga	Riegle
Huddleston	Melcher	Sarbanes
Inouye	Metzenbaum	Sasser
Jackson	Mitchell	Stennis
Johnston	Moynihan	Tsongas
Kennedy	Nunn	Weicker
Leahy	Pell	Zorinsky
Levin	Pryor	
Long	Randolph	

NAYS—53

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

NOT VOTING—1

Hatfield

So Mr. CHILES' amendment (UP No. 976) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

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

The motion to lay on the table was agreed to.

(The following statements are printed at this point in the Record to assure inclusion in today's proceedings:)

IN SUPPORT OF HART AMENDMENT REGARDING TITLE I (UP AMENDMENT NO. 971)

Mr. MATSUNAGA. Mr. President, I rise in support of the amendment offered by the distinguished Senator from Colorado. Title I of the Elementary and Secondary Education Act is one of our most outstanding and effective educational programs. It has provided basic reading and mathematical skills to millions of educationally disadvantaged schoolchildren in low-income school districts in my State of Hawaii and throughout the Nation.

Today, as study after study continues to conclude, vast numbers of our Nation's students are not sufficiently adept at those academic disciplines that are of pivotal concern to a post industrial, computer oriented society. It would truly be misguided and counterproductive to relegate such an important and needed program as title I to anything but a premiere position in our struggle against technical illiteracy and public ignorance.

Title I programs have been exceedingly effective in insuring that disadvantaged children acquire the basic skills necessary for leading productive lives and contributing meaningfully to our society. Title I is, indeed, an American success story. And yet, last year, this vital program suffered a severe cut of $400 million. Prior to that unfortunate occurrence, title I was reaching 45 percent—not quite half of the 11 million children who were in need of help. And yet, the budget resolution being considered by the Senate today, provides for further reductions in this viable and critical program. If passed without the Hart amendment, the budget resolution will very likely lead to the virtual demise of title I, with all of the unfortunate consequences that would follow for so many of our young and, for that matter, for the future of education in our Nation itself.

Mr. President, the Hart amendment merely seeks to amend the budget resolution to continue title I at the current level of funding. It will not increase expenditures, just maintain them. And, that level would still be lower than that which was authorized by the Reconciliation Act of 1981. Accordingly, I urge all of my colleagues to join me in voting for the Hart amendment so as to allow title I teachers throughout our country to continue to prepare their students in the vital and necessary areas of reading and math, and by so doing, prepare a place for their students in the future and a place in the future for our disadvantaged American youth.

OPPOSITION TO MELCHER AMENDMENT TO DRASTICALLY CUT FOREIGN ASSISTANCE FUNDS—(UP AMENDMENT NO. 970)

Mr. BRADLEY. Mr. President, the proposed amendment to cripple our foreign security assistance program is a short-sighted cut that will surely jeopardize our broader economic and foreign policy interests over time. Security assistance, particularly the economic support program, establishes the foundation for political stability in countries important to the United States. Such assistance, on the whole, promotes pro-Western views in foreign countries and strengthens the ability of foreign governments to carry out economic programs that keep their economies more open to commercial relations with the United States.

Mr. President, it cannot be wise to weaken the security programs and economies of foreign friends just as the United States is becoming more dependent for its growth and security on developments in the rest of the world, particularly in the developing world. To destroy our security assistance program would be to impair our ability to protect our interests in the southern flank of Europe, in the Middle East, in the Horn of Africa, and in Central America, all regions where, for various national security reasons, the United States seeks to promote stability and the strength of our friends. Although the amendment is designed to exclude two of our most important allies in the critical Middle East region, Israel and Egypt, the result would be to destroy our ability to provide security assistance to nearly all our other friends and allies in these regions. If we are prepared to do this, then much of our defense program is a waste of money because the use of force cannot substitute for policies to stabilize the political communities and economies of many critical developing countries.

The United States relies even more on economic demand in foreign countries for our economic growth that we depend on their security for our own. The simple fact is that robust growth in the United States cannot occur without market opportunities abroad. And there will be no market opportunities for us if foreign economies, particularly those of developing countries, fail.

Trade already amounts to nearly one-fifth of our GNP, about twice what it was in the 1960's. Exports generate one in six manufacturing jobs in the United States, and keep one in three acres of farmland active. Markets in the developing world are particularly important to our growth prospects.

These markets have been the most dynamic source of growth for U.S. exports. Our exports to these countries grew at an average annual rate of 18 percent in the 1970's, compared with only 15 percent growth in our exports to other industrialized countries. Developing countries now take nearly 40 percent of U.S. exports, purchases which account for more than one-half million jobs here. Further, the United States has enjoyed large surpluses in its balance of trade in manufacturing goods with developing countries. They also are important customers for U.S. services, accounting for some $17 billion surplus in services in 1978. U.S. industry also heavily relies on the importation of minerals from many of these countries, and some of these minerals are critical to our economy and defense capability.

Mr. President, U.S. economic growth in the future will rest importantly on overseas market opportunities. Sales abroad can spur many of our industries and the export of our services. At this time, we in the Congress rightly are urging the administration to vigorously insist on the dismantlement of barriers to U.S. products, services, and investment abroad. But our efforts to eliminate barriers will be fruitless, unless overseas demand, particularly developing countries demand, for our services and products thrives. Our political relations with these developing countries are no less important. Adoption of this amendment would shoot ourselves in the foot on both counts. We already have enough economic and security problems. I hope we will not compound them with another self-inflicting wound. I urge my colleagues to reject this amendment.

SUPPORT FOR EPA FUND RESTORATION AMENDMENT—AMENDMENT NO. 1488

Mr. SARBANES. Mr. President, I strongly support the amendment to re-

store funds to the Environmental Protection Agency for its operating programs and for the Superfund program. The funds provided for by this amendment would enable us to continue to move toward our national goal of controlling hazardous wastes and toxic chemicals, ascertaining the effect of pollution on our health, and providing assistance to States to meet the requirements under the law in controlling toxic wastes and cleaning up our air and water.

It is imperative that we continue to keep as a national goal a clean environment. Congress and the American public have worked hard over the last few years to reach this goal by passing the Clean Water Act, the Clean Air Act, and other protections for the environment and our health. The Clean Water Act passed in 1972 directs EPA to insure safe and healthy water. The State of Maryland is especially sensitive to the importance of clean water because of its many water resources. The Chesapeake Bay not only provides a bountiful harvest of seafood and employment for thousands of Marylanders but also offers recreation to families throughout the year.

The clean air legislation, passed over a decade ago and strengthened more recently, requires the EPA, with the help of the States, to clean up our air. We are seeing progress. However, this administration has taken action to undo existing requirements and to cut funding.

The problem of abandoned hazardous wastes coming to the surface and causing serious health problems and fear in a community has come to our Nation's attention—especially since the findings at Love Canal. The Superfund program was enacted in December 1980 by the Congress to address these problems and encourage a partnership between the State and Federal Governments to clean up abandoned and uncontrolled hazardous waste sites and spills. Already the EPA has identified 115 dumps for clean up under this program. My State of Maryland, in which one of these hazardous dumps was located was able to remedy a potentially serious health hazard in a city neighborhood because of this program.

The additional funds in the amendment would still leave EPA below its 1981 budget, considering inflation. At the same time that the administration is cutting the budget for environmental protection, it is also suggesting that the 50 individual States pick up the responsibility and the cost of fighting pollution. The National Governor's Association and State environmental officials report that many States would consider dropping these programs because of the cost. If this happens, many of our hard-won gains in cleaning up our air and water will be lost. The New Federalism will not work with regard to pollution control programs—polluted air and water do not stop at State or county lines.

The State of Maryland's Office of Environmental Programs estimates that it will lose roughly $700,000 in Federal funds in fiscal year 1983. This is a 25 percent loss in their budget. Maryland receives 87 percent of its safe drinking water budget, 56 percent of its water quality budget, and 45 percent of its air quality funds from the Federal programs. If funds are cut from the Environmental Protection Agency, the State of Maryland has indicated that monitoring and enforcement of air and water quality standards will have to be cut, also.

The Reagan administration has seriously jeopardized our ability to protect our environment and the safety and health of our citizens. The protection of our environment has ground to a halt because of budget cutbacks, delays in promulgating regulations, regulatory changes and policy makers who do not subscribe to the mission of the Environmental Protection Agency. Cutbacks in enforcement and monitoring today will mean higher health costs and environmental losses in the future. It is a shortsighted and unwise policy to follow.

We must instead restore the protection of our environment and health as a national goal and priority.

ENVIRONMENTAL PROTECTION (AMENDMENT NO. 1488)

Mr. BRADLEY. Mr. President, since this administration has been in office the major EPA activity has been reducing environmental protection. There is a national concensus that clean air, clean water, and protection of the public health, EPA's responsibilities, are urgent concerns. The administration's attack on these concerns is dramatically reflected in the massive proposed EPA personnel cuts of nearly 50 percent, and budget cuts of over 50 percent from 1982 to 1984.

Amid administration claims that we must go slow because there is much we do not know, EPA's outside research budget is to be cut two-thirds. Even where money is in hand, as with superfund which cleans up imminently hazardous toxic waste sites, the administration has proposed spending at levels less than EPA itself had earlier defined as a "minimum program—unacceptable risk."

Mr. President, these EPA actions are irresponsible. They defy the public will. Every recent survey demonstrates strong public support for vigorous enforcement of environmental laws. A CBS-New York Times poll late last year showed an overwhelming majority of the public supports strict environmental protections no matter what the economic costs. An April 1982 poll of New Jersey residents by the Eagleton Institute showed that 68 percent of the public was very concerned about the problem of chemical wastes. And New Jersey residents have good cause for concern.

The Reagan administration's attempt to go slow on utilizing the superfund which Congress created more than a year and a half ago is appalling. Those delays only breed further public fear and anger.

But, Mr. President, the public is not the only concerned party. The business community also suffers—not only from the uncertainty which results when enforcement is spotty and decisions are not made. Responsible industries face resistance to new plant expansion and development when the public believes that Government is not watching the environmental consequences.

When EPA announced its plan to relax hazardous waste dumping standards even industry reacted. They know that we need to site and build hazardous waste disposal facilities. Yet, what community will tolerate such a facility in its vicinity if they believe strict standards will not be vigorously enforced?

EPA workers have more work per worker than any other agency; workload has doubled while the work force has been sharply reduced. Last, they cripple our ability to know how to protect the public health any time in the near future—the proposed budget means a loss of 1,500 senior researchers and 5,000 of their associates, effectively destroying the science base slowly developed to enable us to understand and manage the environment.

As a Senator from a State suffering from long neglect of the environment, a State which in a tiny land area has 11 percent of the most hazardous sites in America, I cannot allow the EPA to be dismantled. I cannot stand by while other States are polluted and progressively less environmental protection is done. Congress has passed the necessary legislation. The administration refuses to use it.

To restore the capability of EPA to deal with the environment, I support the Moynihan-Leahy amendment to increase EPA funding above Budget Committee recommendations. The additional funding will permit: One, effective control of hazardous wastes and chemicals beginning now and not in two decades; two, allow Superfund cleanup to proceed with the necessary urgency; and three, will assume maintenance of a scientific capability so that we will know what to do and how to do it.

SOCIAL SECURITY

Mr. McCLURE. Mr. President, sometimes the conventional wisdom proves to be conventional but not wise. I am referring to the widespread notion that any adjustment in the social security future benefit levels to regain sol-

vency for the fund would be politically disastrous—at least to those supporting the changes. That is a notion that has been pushed by those who want increased levels of spending and, unfortunately, by those who seek political advantage from the fears of those dependent upon social security for their necessary living expenses.

Mr. President, I believe the evidence is on the other side. In my own experience, the older people who are most directly affected are concerned about the stability of the fund, those younger workers who face many years of payments into the fund are not confident they will ever receive any payments in return, and all our people distrust the political process that deals with the problem. Various polls that have been published verify my own observations. We are, also, seeing widespread editorial support for such action. One of the most cogent and persuasive of such editorials appeared in the Albuquerque Tribune of Wednesday, May 19, 1982. The title and the lead sentence state the political condemnation and the real problem very pointedly. The title is "Timid Congress," and the body of the editorial is less kind to the Congress. The lead sentence is: "It is sad but true that the U.S. Senate still views the current budget impasse as a political question rather than a serious national problem."

Mr. President, that is sad but true. The editorial is, also, right on the mark when it says that "Senator PETE DOMENICI of New Mexico is correct when he predicts that the tide of public opinion will be with us in funding social security savings to go with a general budget tightening." And, unfortunately, the editorial is right when it says that "Congress lacks the courage to face that issue with an election pending."

Mr. President, this country needs men and women with vision and courage—men and women like Senator PETE DOMENICI. This country needs men and women who trust the American people enough to vote with the same good sense and determination as the American people, themselves, show. It is time to recognize that statesmanship and good politics are sometimes the same.

I ask unanimous consent that the full text of the editorial be printed in the RECORD.

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

TIMID CONGRESS

It is sad but true that the U.S. Senate still views the current budget impasse as a political question rather than a serious national problem.

The consensus seems to be to continue muddling along, depending upon the passage of time to deal with the pending bankruptcy of Social Security.

In so doing, Congress is selling short the hopes and plans of today's wage earners, to placate the well organized minority of retirees already collecting the payroll taxes being deducted from today's workers.

One needn't decide to throw this nation's elderly to the wolves to accept the necessity for some form of cost containment plan to put Social Security once again on the road toward long term solvency.

Sen. Pete Domenici, R-N.M., is correct when he predicts that "the tide of public opinion will be with us" in finding Social Security savings to go with a general budget tightening.

He is also correct when he says the goal for Social Security is solvency—the continued ability for the system to pay for itself through the present Social Security tax.

But Congress lacks the courage to face that issue with an election pending.

Today we have a national budget awash in red ink that perpetuates a crisis of confidence in the nation's money markets. That crisis will continue with Republican Senate leaders' talk of restoring budget cuts already scheduled for Medicare, student loans, veterans' benefits, housing and space.

The budget process is going backwards, even as Congress talks of raising taxes again. The tax talk will effectively nullify any salutorious effect the Reagan tax cut might have had on American savings and investment plans.

The Social Security system is so loaded with automatic entitlement multipliers that outgo has continued to exceed income despite the record Social Security tax hikes of recent years.

A timid Congress awaits a Social Security cure from divine intervention, and is on the way to selling out the economic future of the nation for near term political spoils.

[From the Albuquerque Tribune, Wed., May 19, 1982]

EACH MUST GIVE A LITTLE

(By William L. Lehmann)

EDITOR, THE TRIBUNE: As a federal employee, I didn't cause inflation but rather suffered from it. As a federal retiree, I had expected to keep up with inflation as provided for in the terms of my employment. But today, faced with the most various financial crisis since the Great Depression, it is clear that each of us must give a little or we all will sink.

Therefore, while it will hurt personally, I applaud Sen. Pete Domenici for his courage and will support his harsh but realistic call to freeze non-defense federal expenditures for a year. The kind of inflation we have seen over the last two years will destroy us if it is not stopped, and we won't stop it with huge deficits or with ever increasing taxes.

Sen. Domenici has shown the leadership of a statesman concerned for the fate of his country. If we support that leadership, we have a chance to win. If we fail to support it now, our children and grandchildren may well have to rebuild from the effects of a second Great Depression.

THE BUDGET COMPROMISE

Mr. SCHMITT. Mr. President, I want to commend the senior Senator from New Mexico on his diligent, often frustrating work on the first concurrent budget resolution.

For the last several months, Congress has been paralyzed with inaction over the budget. Only through Senator DOMENICI's leadership is this budget resolution on the floor of the Senate today. Although it does not incorporate all the factors that I believe it should, it nonetheless takes another important bite at the economic apple.

The budget compromise is a good one. It reduces deficits in all of the next 3 fiscal years. This resolution coupled with congressional action on a balanced budget constitutional amendment should shore-up the week knees in the long- and short-term credit markets

We are debating this resolution today because we are in a recession. The recession is a direct result of past policies of tax and spend. Last year, this Congress enacted the boldest legislation ever in addressing our economic woes. We did not act quickly enough. Before industry could begin the expansion that the Economic Tax Recovery Act allowed, the big spending juggernaut of inflation-born high interest rates swept those expansion plans away. Unemployment and a recession have resulted. The big spending chickens have come home to roost.

If we had acted quickly enough, our industrial base would have expanded, the revenues flowing to the Treasury would have been greater, and we would not be projecting deficits of over $200 billion in fiscal year 1985.

What is done is done. Our task today is to pass this resolution and get on with the business of the Senate.

This budget resolution is a brave initiative; it requires a large number of people to make some sort of scarifice, and sacrifice is never popular. Federal civilian employees and retirees will be asked to give up cost-of-living increases in salaries and annuities. The growth of entitlements will be slowed, and nondefense discretionary programs will be frozen.

In a very eloquent speech on this floor, Senator GARN brought some facts to the attention of the Senate that bear repeating. In 1962 we had the first $100 billion budget. In 1971 we had the first $200 billion budget. In 1975 we had the first $300 billion budget. In 20 years our budgetary largesse has expanded 700 percent. The budget has been running out of control and the American people and financial markets have said stop.

One other fact that I would point out to this body is that the true tax on the American people is not the revenues we call taxes. Every dollar we spend today has to be payed for by revenues some time. The true tax Americans pay is the amount that the Government spends. Mr. President, in fiscal year 1983 we expect to tax the American public at a rate of $783.6 billion, because we are going to spend that much.

It should be pointed out that even this $783.6 billion in taxes is the result of a compromise. It is still too large. True, deficits are reduced from earlier

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projections. However, we are still looking at deficits of $115.4 billion in fiscal year 1983, $91.3 billion in fiscal year 1984, $64.4 billion in fiscal year 1985, or a total of $271.1 billion of deficit in 3 years.

This body should also take note of the size of the public debt. In fiscal year 1985, we can expect the public debt to be $1.5 trillion. It took us over 200 years to get ourselves $1 trillion in debt. It will take 5 years to add one half trillion dollars to that.

However, it is my hope that this budget will send the right message to industry and to the credit markets. That message should stabilize our turbulent economic environment, and reduce the level of fear and uncertainty about the future direction or our economy.

That fear and uncertainty must be reduced so that this body can get on with the business of the country. Without feeding on that fear, my colleagues on the other side of the aisle would not have been able to get mileage out of social security that they have. But, they did not help to fashion the compromise. They were content to criticize, not cooperate.

Some can continue to demagogue on social security; some can continue to point to unemployment statistics; and some can continue to snipe at the Federal Reserve while our economy slowly grinds to a halt. Or we can do the right and responsible thing and pass this budget resolution and go back to our committees and carry out the instructions contained in the budget resolution. I hope we are prepared to do the latter.

THE BUDGET FOR SPACE, SCIENCE, AND TECHNOLOGY

Mr. CHILES. Mr. Presient, I am pleased that the modified budget resolution has "unfrozen" the budget for space, science and technology. I had planned to offer an amendment to restore the President's January budget request, as I had done in the Budget Committee. The Budget Committee's freeze plan would have cut these budgets by $800 million in 1983 and 1984, and $400 million in 1985.

Mr. President, we have all been thrilled to watch the early successes of the Space Shuttle. Freezing its funds at 1982 levels would cut operations by about $400 million in 1983. In the outyears, where the costs of Shuttle procurement decline, there would not be much savings in the deficit. Yet the impact on the space program would be substantial.

The production of the fourth orbiter vehicle would be delayed, requiring the Air Force to buy more Titan rockets for its launch needs. This would also give commercial users a strong incentive to switch to alternative systems, such as the French Ariane. We would be giving up our technological superiority in a classic case of penny-wise, pound foolish. The kinds of space science losses would be the Space Telescope and gamma ray observatories, the Spacelab missions, and the backup activities, of developing instruments, data analysis and support technology. Since these backup activities have some of the greatest spinoffs into commerical technology, the economic loss would be quite serious.

While some space science missions may sound easy to delay, each time we squeeze them back, we cause experienced engineers and scientists to leave the field and discourage new ones from entering. Our rates of producing engineers are already well below the Soviet Union and Japan. If we keep eating our scientific seed corn, it will be generations before we recover.

I think we have all become aware of the critical role that science and technology play in developing the growth sectors of our economy. In some areas, like telecommunications and computers we can see the direct, immediate payoffs. In other areas, like high energy physics, mathematical research and space science, the returns cannot be clearly known in advance. Yet, the rewards are no less real for their unpredictability. Advances in computer hardware come from understanding how electric charges react in different materials under various temperature conditions. Software improvements come from mathematics. Last year, the administration made an error and tried to cut back on basic research. The outcry from business as well as the scientific community was sufficient to convince them to restore a modest 3-percent real growth path for science in their 1983 budget. This is the minimum long-term investment we need for the good of the economy. The administration's request does not even adequately fund important programs like science education, so sacrifices will have to be made to live within this request.

If we go along with the freeze in basic science, we will lose many important projects. We would have to eliminate three or four new experimental computer facilities, thus retreating in an area where we are competing neck to neck with the Japanese for leading the next generation of computers. Electronics facilities, such as the Cornell Election Storage King and the Indiana University Cycloton would have to be cut, and planned initiatives in polymer and solid-state chemistry research would be foregone. Many other projects in chemical engineering, microelectronics, and robotics would also be hit by a freeze. In the biological sciences, we would lose an attempt to replace outmoded laboratory equipment through a shared-instrumentation initiative. Planned projects in large integrated ecosystems and the flow of bio-organic elements would be curtailed. Promising initiatives in the neurosciences would also be cut back, delaying our understanding of the basic functioning of the brain and nervous systems.

This is just a brief catalog of the immediate losses. As with space science and engineering, we would create a longer term loss by sending out a message to the country that we do not place a high priority on scientific research. We can expect scientists to be dedicated, but we cannot expect them to work if no one will fund their research. While private companies will pay for applied research, it is not in their economic interest to fund basic research. The return to any one company is only a quarter of the return to the economy as a whole. Yet, without a strong foundation of basic research, applied research and technology cannot get very far.

I am therefore pleased that the Senate majority has made this change, and I hope it will survive through the rest of the budget process.

MEDICARE CUTS

Mr. BIDEN. Mr. President, the media is full of stories about social security. Whenever I hold a town meeting in Delaware, a large number of the questions deal with proposals to cut social security. We in the Senate recently spent many hours debating the issue here on the floor just a few days ago. Social security is the hot issue of the day, commanding the attention of much of the population.

While it is proper, Mr. President, for social security to receive a great deal of attention and publicity, I am afraid all that attention has obscured yet another cut which can have an equally devastating effect on seniors. I am referring, Mr. President, to the proposal to make significant cuts in the medicare program over the next 3 years.

Now it is true, Mr. President, that the resolution before us restores a portion of the cut originally contemplated by the majority of the Budget Committee. I do not, however, believe the amount restored is sufficient; and so voted for the Moynihan amendment making additional restorations, aimed particularly at mitigating the effects of the proposal to institute a copayment against the cost of a medicare patient's hospitalization.

Although it is unclear, Mr. President, what kind of copayment scheme might be approved, I would like to briefly examine the effect of the original Budget Committee proposal to institute a 6-percent copayment in fiscal year 1983, an 8-percent copayment in fiscal year 1984, and a 9-percent copayment in fiscal year 1985.

If this proposal were ever to be enacted into law, it would mean that a medicare patient would be forced to pay $116.34 per week—after the $256 deductible currently charged—for the average hospital room in Delaware, as

opposed to $0 today. In fiscal year 1984, assuming a 5-percent increase in the cost of a hospital room in Delaware, the charge would be $165.36 per week, again as opposed to $0 today. In fiscal year 1985, assuming another 5-percent jump in average hospital costs, the additional charge would rise to $192.15 per week.

To bring this proposal into even clearer perspective, Mr. President, a 60-day hospital stay for a medicare patient under current law costs that patient $256 in out-of-pocket expenses. If a copayment on the order originally contemplated by the Budget Committee majority were to be approved, that stay would rise to $1,287.87 in fiscal year 1983, $1,743.48 in fiscal year 1984, and $1,972.80 in fiscal year 1985.

When he first heard of the magnitude of the proposed medicare cuts, the president of the Association of Delaware Hospitals called my office to express his view that the proposal is "unrealistic." I would go a step beyond that characterization, Mr. President. I believe such a proposal represents a callous attempt to cut costs in order to hide the failure of the administration's economic program.

How are we to expect seniors to cope with such attempts to balance the budget on their backs? Let us remember that, although the Consumer Price Index actually went down last month, the health care portion of the CPI jumped by 12 percent.

Let us also remember, Mr. President, that this generation of seniors has made its sacrifice. They have been through the Great Depression. They have lived through three and, in some cases, four wars. They have worked to bring the country out of numerous recessions.

Yes, they are willing to do even more. Each senior I encounter expresses his or her willingness to do their part to help get America's economy back on track. But they are not willing to have the budget balanced on their backs, and neither am I. I hope, Mr. President, that any copayment scheme gets the sound beating it deserves.

THE EVE OF TRAGEDY

Mr. PELL. Mr. President, for the past 7 weeks, the world has watched the slow unfolding of a dreadful drama in the South Atlantic. There is no condoning Argentina's use of force in seizing the Falkland Islands. Britain's response was understandably vigorous. And the march of events has steadily dimmed our hope for a reasonable ending. Britian has dispatched a fleet of warships, hundreds of men have died already in combat at sea, negotiations have foundered, and the two sides now appear poised for a spasm of blood-letting from which both will gain nothing but sorrow. We seem on the eve of tragedy better chronicled by an Evelyn Waugh, whose most vigorous theme was man's inexorable stupidity.

The futility of this outcome stands underscored by the alternative available to the adversaries. In themselves, the Falklands offer scant economic benefit to either nation. But regional possibilities for undersea mineral development do render the islands potentially valuable to both. Conceivably, joint action could produce mutual gain, the feasibility of collaboration being suggested by Britian's relevant technological capabilities and the sizable population of British language and descent already harmoniously resident on the Argentine mainland. As the present dispute has moved toward crisis, the concept of cooperative development has given way to the passions of confrontation. But trusteeship or split sovereignty proposal could still be revived. In the latter case, a third party—the United Nations or the United States—would serve as catalyst and partner. If not, hundreds or thousands of fine young men from both nations will soon lose their lives to a conflict the world's next generation may scarcely remember. Let us hope—and indeed pray—that the imperatives of emotion and national dignity will, at the last hour, yield to the finer claims of constructive statesmanship and creative compromise.

In closing I would add that political leaders have a duty to their nation and its pride, but they also have a duty to God and to the lives of their young men.

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 Committee on Governmental Affairs.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:32 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2035. An act to authorize certain employees of the U.S. Department of Agriculture charged with the enforcement of animal quarantine laws to carry firearms for self-protection; and

H.R. 6164. An act to authorize the Secretary of Agriculture to implement the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment To Be Used for Such Carriage (ATP), and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

At 10:53 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 412. Joint resolution to authorize and request the President to designate May 20, 1982, as "Amelia Earhart Day."

The enrolled joint resolution was subsequently signed by the President pro tempore (Mr. THURMOND).

ENROLLED JOINT RESOLUTIONS SIGNED

At 4:15 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled joint resolutions:

S.J. Res. 53. A joint resolution to provide for the designation of September 5, 1982, as "Working Mothers' Day";

S.J. Res. 59. Joint resolution designating the square dance as the national folk dance of the United States; and

S.J. Res. 160. Joint resolution to provide for the designation of July 9, 1982, and April 9, 1983, as "National P.O.W.-M.I.A. Recognition Day."

The enrolled joint resolutions were subsequently signed by the President pro tempore (Mr. THURMOND).

HOUSE BILL REFERRED

The following bill was read the first and second time by unanimous consent, and referred as indicated:

H.R. 2035. An act to authorize certain employees of the U.S. Department of Agriculture charged with the enforcement of animal quarantine laws to carry firearms for selfprotection; to the Committee on Agriculture, Nutrition, and Forestry.

HOUSE BILL PLACED ON CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 6164. An act to authorize the Secretary of Agriculture to implement the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for Such Carriage (ATP), and for other purposes.

ENROLLED JOINT RESOLUTIONS PRESENTED

The Secretary reported that on today, he had presented to the President of the United States the following enrolled joint resolutions:

S.J. Res. 53. Joint resolution to provide for the designation of September 5, 1982, as "Working Mothers' Day";

S.J. Res. 59. Joint resolution designating the square dance as the national folk dance of the United States; and

S.J. Res. 160. Joint resolution to provide for the designation of July 9, 1982, and April 9, 1983, as "National P.O.W.-M.I.A. Recognition Day."

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-3492. A communication from the Secretary of the Senate, transmitting, pursuant to law, a full and complete statement of the receipts and expenditures of the Senate, showing in detail the items of expense under proper appropriations, the aggregate thereof, and exhibiting the exact condition of all public moneys received, paid out, and remaining in my possession from October 1, 1981 through March 31, 1982; ordered to be printed and to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SCHMITT, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 2551. An original bill to authorize appropriations for the National Science Foundation for fiscal year 1983 (Rept. No. 97-407).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 2336. A bill to authorize appropriations for fiscal year 1983 for certain maritime programs of the Department of Transportation, and for other purposes (Rept. No. 97-408).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 2215. A bill to recognize the organization known as the National Association of State Directors of Veterans' Affairs, Inc. (Rept. No. 97-409).

By Mr. DOLE, from the Committee on Finance, without amendment:

S. 2555. An original bill to authorize appropriations for the U.S. International Trade Commission, the U.S. Customs Service, and the Office of the U.S. Trade Representative for fiscal year 1983, and for other purposes (Rept. No. 97-410).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

H.R. 3663. An act to amend subtitle IV of title 49, United States Code, to provide for more effective regulations of motor carriers of passengers (Rept. No. 97-411).

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 384. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of title IV of S. 2487, which authorizes supplemental appropriations for fiscal year 1982 for intelligence activities of the United States.

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. Con. Res. 96. A concurrent resolution reaffirming Senate resolution (S. Res. 179) and House resolution (H. Res. 177) and urging the President to seek agreement at the Versailles summit conference that nuclear supplier nations should export nuclear fuel and equipment only to nations that permit fullscope safeguards.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, Robert Anderson, of the District of Columbia, a career member of the Senior Foreign Service, class of minister-counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Dominican Republic.

(The above nomination was reported from the Committee on Foreign Relations with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

NOMINEE: Robert Anderson

POST: Dominican Republic

CONTRIBUTIONS AND AMOUNT

1. Self: Robert Anderson; none.
2. Spouse: Elena Anderson; none.
3. Children and spouses names: Gerald and Cynthia (daughter), Delarue Christina Anderson (daughter), Mark Andrew Anderson (son); none.
4. Parents names: Mrs. Andrew Anderson (mother), father (deceased); none.
5. Grandparents names: Deceased.
6. Brothers and spouses names:
7. Sisters and spouses names: Howard and Wynne Winn-Moon; none.

By Mr. TOWER, from the Committee on Armed Services:

Richard L. Wagner, Jr., of California, to be Chairman of the Military Liaison Committee to the Department of Energy.

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. SCHMITT:

S. 2551. An original bill to authorize appropriations for the National Science Foundation for fiscal year 1983; from the Committee on Commerce, Science, and Transportation; placed on the calendar.

By Mr. BIDEN (for himself, Mr. THURMOND, Mr. WALLOP, Mr. BENTSEN, Mr. CHAFEE, Mr. DURENBERGER, Mr. GARN, Mr. GOLDWATER, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. LEAHY, Mr. LUGAR, Mr. MOYNIHAN, Mr. ROTH, Mr. SCHMITT, and Mr. HOLLINGS):

S. 2552. A bill to protect the safety of intelligence personnel and certain other persons; to the Committee on the Judiciary.

By Mr. ROTH (by request):

S. 2553. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, and for other purposes; to the Committee on Governmental Affairs.

By Mr. PERCY (for himself, Mr. DIXON, Mr. JEPSEN, Mr. ZORINSKY, Mr. PRESSLER, Mr. BAUCUS, Mr. BURDICK, Mr. LEVIN, and Mr. EXON):

S. 2554. A bill to require the Commodity Credit Corporation to dispose of Government-owned stocks of agricultural commodities; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DOLE:

S. 2555. An original bill to authorize the appropriations for the U.S. International Trade Commission, the U.S. Customs Service, and the Office of the U.S. Trade Representative for fiscal year 1983, and for other purposes; from the Committee on Finance; placed on the calendar.

By Mr. DANFORTH (for himself and Mr. CHILES):

S. 2556. A bill to require that furniture and decorative accessories for us in offices of certain officers of the government be procured by the Administrator of General Services, and for other purposes; to the Committee on Governmental Affairs.

By Mr. QUAYLE:

S. 2557. To amend the Internal Revenue Code of 1954 to simplify the tax system by providing flat rate schedules for individuals and corporations, and for other purposes; to the Committee on Finance.

By Mr. DECONCINI:

S. 2558. A bill to increase the duty on imported copper by an amount which offsets the cost incurred by copper producers in the United States in meeting domestic environmental requirements; to the Committee on Finance.

By Mr. MELCHER:

S. 2559. A bill for the relief of Aleksander Perovic; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LEAHY (for himself, Mr. KENNEDY, Mr. HART, Mr. CRANSTON, Mr. STAFFORD, and Mr. MOYNIHAN):

S. Con. Res. 97. A concurrent resolution urging greater opportunity for public participation in formulation of regulations governing national forest system resource planning; to the Committee on Agriculture, Nutrition, and Forestry.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BIDEN (for himself, Mr. THURMOND, Mr. WALLOP, Mr. BENTSEN, Mr. CHAFEE, Mr. DURENBERGER, Mr. GARN, Mr. GOLDWATER, Mr. HUDDLESTON, Mr. INOUYE, Mr. JACKSON, Mr. LEAHY, Mr. LUGAR, Mr. MOYNIHAN, Mr. ROTH, Mr. SCHMITT, and Mr. HOLLINGS):

S. 2552. A bill to protect the safety of intelligence personnel and certain other persons; to the Committee on the Judiciary.

PROTECTION OF INTELLIGENCE PERSONNEL

Mr. BIDEN. Mr. President, on behalf of Senators THURMOND,

WALLOP, BENTSEN, CHAFEE, DURENBERGER, GARN, GOLDWATER, HUDDLESTON, INOUYE, JACKSON, LEAHY, LUGAR, MOYNIHAN, ROTH, SCHMITT, and HOLLINGS, I am introducing a bill to amend title 18, United States Code, to protect the safety of intelligence personnel and certain other persons.

Essentially, the bill provides Federal criminal penalties for assaults on intelligence agency employees in the course of their official duties, as well as for assaults on defectors admitted to the United States under CIA auspices and other foreign visitors certified by the Director of Central Intelligence to be present in the United States under CIA auspices.

These amendments were proposed by the CIA, endorsed by the Justice Department, and supported by the administration for inclusion in the Intelligence Authorization Act for fiscal year 1982. The Senate Intelligence committee reported them as section 510 of S. 1127, the Intelligence Authorization Act for fiscal year 1982, on May 6, 1981. It was then passed by the Senate.

Unfortunately, the House version of the Intelligence Authorization Act for fiscal year 1982 contained no similar provisions; and the Conference Committee deleted section 510 because the House conferees insisted upon its consideration as separate legislation. Accordingly, this bill contains the same provisions as section 510 of S. 1127 passed by the Senate. The intent of these provisions was discussed in the Senate Intelligence Committee report on S. 1127 (S. Rept. No. 97-57, pp. 18-19).

The members of the intelligence and Judiciary Committees have already expressed their unanimous view that there is an overriding need to give intelligence personnel the same type of protection against murderous assaults as is afforded by current law to many other types of Government employees. Senior intelligence officials frequently receive threats to their safety, and lower level employees have also been threatened by persons who learn of their intelligence affiliation. However, under present law there is not an adequate basis for Federal Criminal investigation or prosecution in cases where there is evidence that an assault will occur in the performance of the employee's official duties.

Congress has an obligation to provide the full protection of Federal law for those who serve our intelligence agencies. It is sometimes difficult, as we have recognized in considering the Intelligence Identitites Protection Act, to strike a balance that protects their safety without infringing on constitutional rights. This bill does not raise such issues.

Several important issues that affect the CIA and the intelligence community are before the Congress this year, and these matters should be considered very carefully. I believe, however, that this proposal to protect the safety of intelligence personnel deserves prompt enactment. It is my earnest hope that the other body will act as soon as possible on the identical measure, H.R. 4940, introduced by Chairman BOLAND of the House Intelligence Committee, so that this legislation can be passed without further delay.

As Judiciary Committee representative on the Intelligence Committee I pledge to work for prompt enactment of this legislation. The full membership of the Intelligence Committee has joined me in sponsoring this legislation and I am particularly pleased that the distinguished Chairman of the Judiciary Committee has joined us in this effort. With this kind of bipartisan support I am optimistic that the essential protection it proposes will soon be available to our intelligence professionals.

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. 2552

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1114 of title 18, United States Code, is amended—

(a) by inserting "or attempts to kill" after "kills";

(b) by striking out "while engaged in the performance of his offical duties" and inserting in lieu thereof "or any officer or employee of any department or agency within the Intelligence Community (as defined in section 3.4(F) of Executive Order 12333, December 8, 1981, or successor orders) not already covered under the terms of this section"; and

(c) by inserting before the period at the end thereof a comma and the following: "except that any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years".

SEC. 2. Chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1118. Murder, manslaughter, assaults, threats, extortion, or kidnaping of persons given entry into the United States for permanent residence pursuant to section 7 of the Central Intelligence Agency Act of 1949

"(a) Whoever kills or attempts to kill a person given entry into the United States for permanent residence pursuant to the provisions of section 7 of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403h) shall be punished as provided under sections 1111, 1112, and 1113 of this title, except that any such person who is found guilty of murder in the first degree shall be sentenced to imprisonment for life, and any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years.

"(b) Whoever engages in conduct proscribed by section 112, 878, or 1201 of this title against any person described in subsection (a) shall be punished as provided under those sections.".

SEC. 3. Chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1119. Murder, manslaughter, assaults, threats, extortion or kidnaping of persons present in the United States under intelligence auspices

"(a) Whoever kills or attempts to kill a person certified by the Director of Central Intelligence or his designee to be present in the United States under the auspices of any department or agency within the Intelligence Community (as defined in section 3.4(F) of Executive Order 12333, December 8, 1981, or successor orders) shall be punished as provided under sections 1111, 1112, and 1113 of this title, except that any such person who is found guilty of murder in the first degree shall be sentenced to imprisonment for life, and any such person who is found guilty of attempted murder shall be imprisoned for not more than twenty years.

"(b) Whoever engages in conduct proscribed by section 112, 878, or 1201 of this title against any person described in subsection (a) shall be punished as provided under those sections.".

SEC. 4. The table of sections for chapter 51 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"1118. Murder, manslaughter, assaults, threats, or kidnaping of persons given entry into the United States for permanent residence pursuant to section 7 of the Central Intelligence Agency Act of 1949.

"1119. Murder, manslaughter, assaults, threats, extortion, or kidnaping of persons present in the United States under intelligence auspices.".

By Mr. ROTH (by request):

S. 2553. A bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, and for other purposes; to the Committee on Governmental Affairs.

LEGISLATION RELATING TO EXPERTS AND CONSULTANTS

● Mr. ROTH. Mr. President, I am introducing, by request of the administration, a bill to amend section 3109 of title 5, United States Code, to clarify the authority for the appointment and compensation of experts and consultants as Federal employees, and for other purposes. This legislation was proposed in Executive Communication No. 3448, dated May 5, 1982, and referred to the Governmental Affairs Committee on May 12, 1982. I am introducing this measure so that the public may have a legislative proposal upon which to comment.

Mr. President, I ask unanimous consent that a copy of the letter sent by the Director of the Office of Personnel Management, dated May 5, 1982, a copy of the section-by-section analysis describing the legislation, a statement of purpose and justification, and the text of the bill be printed in full in the RECORD.

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

S. 2553

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3109 of title 5, United States Code, is amended to read as follows:

"§ 3109. Employment of individual experts and consultants

"(a) For the purpose of this section—

"(1) 'agency' has the same meaning as in section 5721 of this title;

"(2) 'appointed consultant' means an individual—

"(A) who has a high degree of knowledge, skill, or experience in a particular field, and

"(B) whose primary function is to serve an agency in an advisory capacity in that field, rather than to perform or supervise an operating function of the agency.

"(3) 'appointed expert' means an individual—

"(A) who has excellent qualifications and a high degree of attainment in a professional, scientific, technical, or other field,

"(B) who, because of such qualifications and attainment, is usually regarded as an authority, or as a practitioner of unusual competence and skill, by other individuals engaged in that field, and

"(C) whose primary function is to perform an operating function of an agency rather than to provide advisory services.

"(b) The head of an agency may appoint and fix the pay of appointed experts and consultants for temporary (not in excess of one year) or intermittent services, without regard to—

"(1) the provisions of this title governing appointment in the competitive service; and

"(2) chapter 51 and subchapter III of chapter 53 of this title (relating to position classification and pay rates), except that the rate of pay for any individual so appointed may not exceed the rate of basic pay payable for GS-18 unless otherwise specifically authorized by statute.

"(c) Positions in the Senior Executive Service may not be filled under the authority of subsection (b) of this section.

"(d) The Office of Personnel Management shall prescribe regulations governing the employment of appointed experts and consultants and the reporting requirements of this section, and may take such action as it considers appropriate to assure compliance with this section and those regulations, including audit of individual cases, and, if necessary, suspension of the authority to appoint experts and consultants. Agencies shall comply with the requirements of the Office, including taking any corrective action the Office may direct.

"(e) Each agency making appointments under the authority of subsection (b) of this section shall provide such information and reports as the Office of Personnel Management requests.

"(f) The head of any agency with statutory authority to appoint experts and consultants without regard to the provisions of this section shall, to the extent practicable and in keeping with the provisions of such authority, appoint such experts and consultants in a manner consistent with the principles of this section.

SEC. 2. The table of sections at the beginning of chapter 31 of title 5, United States Code, is amended by striking out the item relating to section 3109 and inserting in lieu thereof the following new item:

"3109. Employment of individual experts and consultants.".

SEC. 3. The amendments shall take effect one hundred and eighty days after the date of enactment of this Act.

SECTION ANALYSIS

Present section 3109 of title 5, United States Code, authorizes Federal agencies to obtain the services of experts or consultants, or organizations thereof, by contract under certain conditions, without regard to key civil service laws. This legislative proposal would amend the section.

The revised subsection (a), first section, continues the present definition of agency, and adds definitions for consultant and expert.

In subsection (b), the existing requirement for agencies to have specific authority in separate appropriation or other legislation in order to use this section is eliminated to permit agencies to use the section directly without further authorization. This change would not affect Congress' power to place appropriations or other limitations on an agency's use of experts and consultants. Present authority to "procure by contract" the services of individuals and organizations is eliminated. As revised, the authority will only permit appointment of individuals for personal services in an employer-employee relationship. Authority for agencies to procure services of organizations by direct negotiation as an exception to formal advertising requirements is deleted as superfluous. Agencies have broad authority to procure services under Federal procurement regulations and 10 U.S.C. 2304 and 41 U.S.C. 252 grant exceptions to agencies from advertising when procuring personal or professional services. Present authority for individuals to serve on a temporary (not to exceed 1 year) or intermittent basis is continued without change.

In subsection (b)(2), present exceptions from the classification and the General Schedule pay laws are continued. The maximum rate payable to individuals would be set at the equivalent of GS-18. Under present section 3109, as interpreted by the Comptroller General, the maximum rate payable is the equivalent of the GS-15 rate unless higher rates are authorized in separate legislation, or unless the position is in certain scientific or professional categories in which the rate can go up to the GS-18 equivalent. Authority for the White House Office (Level II), GAO (Level V), and a few other agencies with express statutory authorization to pay higher rates under section 3109 would continue.

The present subsection (b)(3), concerning advertising requirements for services to be acquired by contract, has been omitted as unnecessary since the subject is treated under the procurement laws and regulations.

Subsection (c) continues the present restriction against using section 3109 to fill SES positions.

Subsection (d) would require the Office of Personnel Management to prescribe regulations concerning the employment of individual experts and consultants appointed under the section and would require agencies to take corrective actions the Office directs. The subsection would permit the Office of Personnel Management to see that agencies are following the provisions of section 3109 in the same manner that the Office carries out its evaluation and compliance responsibilities for all other agency personnel management activities which are subject to OPM review.

Subsection (e) would require agencies to provide the Office of Personnel Management with data and other information which is essential for effective oversight of agencies' use of experts and consultants. Neither this subsection nor subsection (d) above would require the National Security Agency to disclose information which is protected by section 6 of the National Security Agency Act, Public Law 86-36.

Subsection (f) would require agencies which have a statutory authority for appointing experts and consultants other than 5 U.S.C. 3109, to the extent they consider it practicable and in keeping with the provisions of their authorities, to employ experts and consultants consistent with the principles of this section.

Subsection (f) would not apply to independent statutory authorities including (1) those for appointment to particular occupations such as the Veterans Administration's authority in 38 U.S.C. 4114 to fill physicians, dentists, and certain other positions, and (2) for the Attorney General to acquire the services of witnesses under authorities other than those for the appointment of experts and consultants.

Section 2 amends the analysis of chapter 31 of title 5 to agree with the new catchline for section 3109.

Section 3 provides a 180-day period for agencies and the Office of Personnel Management to make effective preparation to implement this legislation.

STATEMENT OF PURPOSE AND JUSTIFICATION

(A draft bill to amend section 3109 of title 5, United States Code, to clarify the authority for appointment and compensation of experts and consultants, and for other purposes)

The purpose of this legislation is to reform the system for the appointment and compensation of experts and consultants as Federal employees under section 3109 of title 5, United States Code.

For many years, executive branch officials and members of Congress have called attention to the need for agencies to improve their management of expert and consulting services, whether secured by contracting out or employment. Concerns noted include the use of consultant arrangements to bypass competitive employment procedures, personnel ceilings, or pay limitations; unnecessary projects; repeated extension of services which ought to be brief; assignments to policy-making work that agency officials should perform; and lack of hard data about the overall consultant picture.

Working together, the Office of Federal Procurement Policy, Office of Management and Budget, and this Office have taken certain actions to improve agency use of experts and consultants and to eliminate misuse.

This proposal would clean up problems in the employment area by clearly spelling out the terms for appointment of experts and consultants, by eliminating procurement and contracting from the provision, by providing authority, where there had been none before, for central enforcement and corrective action, and by simplifying requirements.

The use of outside experts and consultants for intermittent or temporary periods has been a long accepted practice in private business and Government. By bringing their highly specialized talents and insights to bear on new or unusual problems, these individuals help an organization to operate

more economically and effectively. Because the service they provide is unique and because the length of their service is often short and uncertain, they are usually not subject to the same employment procedures as regular personnel. In the Federal service, exceptions from normal employment requirements have been authorized for experts and consultants at least as far back as the 1880's.

The principal statutory authority governing the employment of most experts and consultants in the Federal service was originally enacted as section 15 of the Administrative Expenses Act of 1946, and now appears as section 3109 of title 5, United States Code.

It is a general authority which permits an agency head, if he or she has specific statutory authorization, to "procure by contract" the temporary (not to exceed 1 year) or intermittent services of experts or consultants, or organizations of experts or consultants, including stenographic reporting services. It provides an explicit exception from laws requiring competitive appointment, position classification, and General Schedule pay levels.

For individuals serving in agencies otherwise subject to classification and pay laws, the section sets a maximum daily pay limit—either the top rate of GS-15 or the GS-18 rate, depending on the job.

As part of its general review responsibilities the Office of Personnel Management monitors the employment of individual experts and consultants primarily to assure that this authority is not used to circumvent the competitive hiring system through improper exceptions.

The general authority still serves an essential purpose for Federal managers. However, experience has shown it is unnecessarily complex and cumbersome to administer. Personnel data reports and onsite evaluation findings reflect the problems agencies have with the law, even to uncertainty as to how to count and report their experts and consultants. Its mixture of employment with procurement make it a mystery to those who wish to use it. It is confusing because of the multiplicity and variety of specific agency statutory authorizations enacted over the past 30 years to use the general authority. Among agencies, maximum daily pay rates range from $50 to Executive Level II.

Further, the general authority makes no provision for central enforcement of the terms and conditions under which the services of experts and consultants may be obtained.

SUMMARY OF PROPOSED CHANGES

1. Eliminate any reference to procuring by contract the services of individuals

One of the problems with section 3109 is that it speaks of obtaining the services of experts and consultants as Federal employees by contract. This is a continuing source of confusion to agencies since most contracts for services are made under the procurement regulations that flow from title 41, U.S. Code (Public Contracts), and are not intended to create an employer/employee relationship.

This leads to uncertainty about whether employment or something else is involved when an individual's services are procured by contract under section 3109, that is, whether these are really appointments in the usual sense. The provision for contracting for personal services in section 3109 tends to blur the generally-accepted boundaries between "procurement" and "employment" and it should be eliminated.

The thrust of section 3109 is to permit appointment of experts and consultants as employees outside of the civil service and classification laws. To accurately reflect that intent and the relationship between the agency and the individual experts and consultants it hires, the proposal substitutes "appoint" for "procure by contract" in the present law.

This amendment would not affect agency authority under procurement laws to contract for services, including those of experts and consultants, since these are not employer-employee situations. It is important to note that the oversight role of the Office of Personnel Management respecting experts and consultants would be concerned solely with those who serve the Government as Federal employees. Its mandate as the central personnel agency is personnel management. The field of procurement management, of contracting for goods and services, is a world apart and subject to other statutes and oversight by other agencies.

The provisions in the present law to "procure by contract" the services of organizations of experts and consultants and to negotiate directly with contractors without regard to statutory advertising requirements would be eliminated as unnecessary. The broad general authority agencies have to contract for services under Federal procurement regulations would include authority to contract with organizations of experts and consultants. Comparable exceptions for obtaining "personal or professional services" without formal advertising already appear in procurement laws including 10 U.S.C. 2304 and 41 U.S.C. 252.

2. Eliminate the requirement for each agency to have a separate statutory "triggering" authority before it can use the general statutory authority

It has become almost commonplace to grant the required authorization. Almost all agencies have the authority. Over sixty authorities appear in permanent legislation. Others appear annually in appropriation acts. The General Accounting Office some time ago recommended simplifying the section to provide a self-contained authority for hiring experts and consultants by eliminating the requirement for authorizing language in organic or appropriation acts. Needless to say, elimination of the need for separate statutory authority in no way would preclude Congress from placing appropriations or other limitations on an agency's use of experts and consultants.

3. Increase, for the few agencies restricted to lower rates, the top pay rate to grade GS-18 for individuals for all occupations in agencies otherwise subject to the classification and pay laws

The proposal would set grade GS-18 as the general maximum pay rate for jobs in agencies subject to the classification and General Schedule pay laws. This is a conforming change to give all agencies authority to pay up to the same general maximum. Congress already has authorized the grade GS-18 rate when establishing new agencies in recent years. Some older permanent statutory authorizations limit pay to $100 a day or less—too low a rate to generally attract good personnel. At present, unless an agency has a specific rate set by its individual statutory authority triggering section 3109, it may pay up to the maximum of the GS-15 rate. (A Comptroller General decision says a GS-18 rate may be paid but only for professional work in research or in the hard sciences.)

4. Provide central enforcement authority and put definitions in law.

Although onsite evaluations show the majority of individual experts and consultants hired are qualified, serve briefly, and otherwise represent proper use of the authority, agencies at times misuse it. For example, the work may become indistinguishable from that regularly performed by career employees, or the time limits on service in section 3109 may be exceeded.

Accordingly, two changes are proposed to improve agency use—defining key terms in the legislation itself and assigning the Office of Personnel Management regulatory authority. The present statute does not define key terms, although administrative definitions have been developed over the years in the instructions of the former Civil Service Commission and in Comptroller General decisions. Placing these definitions in the law itself is needed for clarification.

Section 3109 does not give regulatory authority to any agency. In the past, the former Civil Service Commission asserted technical jurisdiction because it was responsible for determining coverage under the civil service and classification laws and misuse of the authority was, in effect, an illegal exception from those laws. In recent years, in attempting to respond to agency challenges on legal grounds to its authority in this area, the Commission found there was little legal support for preventing misuse based on those laws.

Authority to prescribe regulations and to take corrective actions would give necessary legal support to the Office of Personnel Management's present onsite evaluation and agency self-policing efforts. Authority to use the section would rest with the management of each agency subject to regulation and oversight by the Office of Personnel Management. The Office would see that the criteria for experts and consultants and the time limits on duration of service have been applied. It would protect regular, continuing job opportunities for career employees against improper assignment of experts and consultants, and guard against use of the authority for work which ought to be in the Senior Executive Service.

In those instances where an individual agency misuses the authority, a variety of enforcement tools would be available for use when we believe it is necessary—including prior or post appointment review of individual agency selections, and in special circumstances, suspension of an agency's authority to hire experts or consultants pending compliance with the statute or with OPM's regulations.

The proposal provides that the small number of agencies with authorities independent of section 3109 would conform to the principles of the section.

The proposal would not have an inflationary impact nor would it require additional appropriations or outlays.

U.S. OFFICE OF PERSONNEL MANAGEMENT,
Washington, D.C., May 5, 1982.

Hon. GEORGE H. BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: The Office of Personnel Management is submitting with this letter for the consideration of the Congress proposed legislation "To amend section 3109 of title 5, United States Code, to clarify the

authority for the appointment and compensation of experts and consultants as Federal employees, and for other purposes."

This is an update of our proposal introduced as S. 2506 last year.

Under present section 3109 of title 5, United States Code, an agency may procure by contract the temporary (not to exceed 1 year) or intermittent services of experts and consultants, or organizations thereof, without regard to certain civil service laws, when authorized to do so by specific legislation. Individuals hired under this section are Federal employees. Unless other rates are specified in that legislation, the maximum rate generally payable to an individual is the top daily rate for grade GS-15 under the General Schedule; for certain scientific or professional positions, the maximum daily rate for grade GS-18 is authorized.

Today there are over 60 permanent statutory authorities for individual agencies to use experts and consultants under section 3109. Others are repeated annually in appropriation acts. Some permit renewal of appointments; others do not. Daily pay rates vary, with some as low as $50, to few at the GS-18 rate.

Our proposal would clarify section 3109 by making it solely a personnel appointing authority and eliminating any connection with procurement and contracting, by updating its requirements, and by providing positive support in law for regulating the personnel aspects of employment under the authority. Other changes include removal of outdated pay rates for certain agencies or occupations; addition of definitions of experts and consultants for clarification; and extension of the principles of section 3109, insofar as practicable, to those agencies with authority to appoint experts and consultants independent of the section.

The proposed elimination of the need for agencies to have separate triggering authority in another statute before using 3109 would in no way preclude the Congress from placing appropriations or other limitations on an agency's use of experts and consultants.

This proposed legislation would further the continuing efforts of the executive branch to assure that agencies use expert and consultant services effectively and appropriately.

The Office of Management and Budget advises there is no objection from the standpoint of the Administration's program to submission of this proposal.

A similar letter is being sent to the Speaker of the House of Representatives.

Sincerely,

DONALD J. DEVINE,
Director.●

By Mr. PERCY (for himself, Mr. DIXON, Mr. JEPSEN, Mr. ZORINSKY, Mr. PRESSLER, Mr. BAUCUS, Mr. BURDICK, Mr. LEVIN, and Mr. EXON):

S. 2554. A bill to require the Commodity Credit Corporation to dispose of Government-owned stocks of agricultural commodities; to the Committee on Agriculture, Nutrition, and Forestry.

SURPLUS AGRICULTURAL COMMODITIES DISPOSAL ACT OF 1982

● Mr. PERCY. Mr. President, I rise today to introduce the Surplus Agricultural Commodities Disposal Act of 1982. I am convinced that the enactment of this legislation could result not only in a significant reduction in future Federal Government outlays for storage and handling of our growing agricultural wheat and feed grain surpluses, but it will also mean substantial benefits to the Nation in terms of increased liquid fuel self-sufficiency, stablized agricultural income, reduced Federal Government fuel costs, and increased flexibility in Federal Government agricultural programs.

Mr. President, this Congress has before it an inescapable responsibility: How to reduce unacceptably large—and growing—Federal budget deficits. These deficits are the legacy of many years of Federal Government spending, and there will be no simple solutions.

Attachment 1 to this statement is a copy of an article from the March 22, 1982, issue of Business Week noting that flat foreign sales of U.S. agricultural commodities have exacerbated the administration's budget deficit. In part, the growing surpluses of wheat and feed grains has forced the administration to increase its projected outlays for farm price-support programs in fiscal year 1982 and 1983 to more than $17 billion.

Mr. President, attachment 2 is an industry estimate of the true cost to the American taxpaper of Commodity Credit Corporation (CCC) ownership of surplus grains. Conservatively estimated, the cost to the Federal Treasury of holding 1 bushel of CCC corn for its average retention period of 2 years exceeds $4.14 a bushel. This not only represents a severe drain on the Treasury, but also serves as an extreme drag on agricultural income, and in effect results in a vicious circle of Government acquisition and storage of ever-growing stocks. Especially, in view of the fact that the growth in export demand for U.S. agricultural commodities—which grew approximately 7 percent each year during the 1970's—is now expected to be flat, or even decline, it is clear that new approaches are needed to better relieve these commodity surplus pressures.

Mr. President, while no panacea, the legislation that I am introducing today represents what I believe to be one realistic means of helping to reduce taxpayer expenditures and contributing to a balanced budget. As an added benefit, the enactment of this legislation could provide the Nation with a high grade liquid fuel capable of further reducing oil imports, stablize agricultural income, create jobs, and expand Federal and State tax bases.

The proposed legislation is really quite simple. It would provide the Secretary of Agriculture with the authority to contract with alcohol fuel producers, on a competitive bid basis, to process surplus commodities into fuel alcohol and its high protein coproducts. The legislation would provide the Secretary with sufficient latitude to insure that such processing arrangements would yield a positive budgetary gain to the taxpayer, with part of the returns coming about from the sales of the fuel alcohol to Federal fleet users as required by 42 U.S.C. 8871 and Executive Order 12261. (Federal purchases of alcohol-enhanced fuels are required if the price is less than or equal to the price of unleaded gasoline.) Further savings would accrue from the Secretary's ability to forgo the considerable costs of storage, handling, and interest on the surplus stocks that would otherwise be incurred.

While it can be argued that, under numerous scenarios, significant per bushel savings would result immediately, there would also be substantial intangible benefits that the Nation would enjoy as a result of this program. Rather than simply allowing surplus commodities to continue to accumulate, with the growing likelihood that they might never be used, the diversion of a percentage of these stocks for processing into fuel alcohol would stimulate job creation, back out crude oil imports on a gallon-for-gallon basis, stabilize and improve agricultural income, and begin an orderly, gradual approach toward greater value-added processing of agricultural committtees. Federal and State tax bases would be expanded, and an improved foundation toward more secure and dispersed energy production would be established. While the program admittedly offers no panaceas, it does offer us a rare opportunity to achieve all of these benefits and still enjoy direct budgetary gains.

Attachment 2 provides a sample worksheet of the direct budgetary impacts of this proposal as it would work for a bushel of corn, as reported in remarks by Representative THOMAS A. DASCHLE. The results for wheat and other feed grains would be comparable. I believe that the figures are conservative and defensible. As the worksheet makes clear, the CCC could expect to enjoy a net gain from implementation of this program of between $1.56 to $4.06 per bushel of CCC corn that would otherwise have been retained for 2 years. For instance, an alcohol fuel producer in Lenox, Iowa is currently taking damaged sample grade corn worth 80 cents a bushel and converting it to ethanol and protein coproducts worth over $4 a bushel. One bushel of the damaged corn produces 2.1 gallons of ethanol and 14 pounds of protein byproducts. The owner of the plant says the damaged corn could not be used for animal feed because of its poor quality. However, once converted into distilled dried grain, the animals will gladly devour it.

It should be emphasized that, while theoretically the system is supposed to operate in a way that ultimately enables the CCC to partially recoup its costs by selling the grain when market prices rise to the trigger level established by law, there is increasing probability that stocks will grow to such levels that the CCC may not be able to expect to recoup even its acquisition costs until many years out into the future. In fact, there is growing concern among experts that current CCC storage capacity will not be sufficient and that some forfeited farmer reserve stocks may end up in piles on the ground. Here again, the alcohol fuels option is a perfect fit, since distressed or spoiled grains are suitable as feedstocks for alcohol production.

An obvious question is just how much of these CCC stocks could be taken in 1 year. Currently, the fledgling domestic alcohol fuels industry has a production capacity of well over 250 million gallons, and facilities now in varying stages of construction will bring this production capacity to over 360 million gallons annually by next year. Attachment 4 provides a summary of the size and locations of these identified facilities. This is an impressive accomplishment when one considers that this industry has been battling a bewildering combination of reverses in Federal Government policies as well as the current oil surplus.

Yet another constraint on the amount of CCC grain stocks that could be utilized under this program in the near-term stems from the fact that the entire Federal fleet consumes only about 500 million gallons of gasoline annually. Using the typical 10 percent ethanol-enhanced blend now sold widely throughout the country, this would mean that there exists an immediate market for 50 million gallons of fuel-grade ethanol. While this admittedly represents less than 10 percent of current CCC stocks, since it would utilize 20 million bushels of grain, it is a figure that could be reached easily, with all of its attendant benefits. For instance, CCC now has over 30 million bushels of distressed corn in storage. Therefore, the proposed program could be solely confined to using the below-grade corn. The potential for expansion of the fuel alcohol market is enormous and, while the Secretary must not allow CCC marketing efforts to displace the efforts of commercial fuel alcohol producers and marketers, it is clear that the midterm outlet for alcohol fuel under this program could range from pure alcohol usage at the State and local government level, and the creation of a Strategic Alcohol Fuel Reserve.

This latter option is an especially exciting one, especially in view of the significant national security benefits it brings with it. In the event of a significant oil supply interuption, it will be the Nation's rural areas and farms that will be most seriously affected, since most of them now find themselves at the end of the pipeline. Our farmers account for approximately 4 percent of total gasoline usage annually, and the uninterrupted flow of liquid fuel to food and fiber producers is clearly a national security priority. This program could easily be expanded to create a cost effective, dispersed Strategic Alcohol Fuel Reserve (SAFUR) that would serve to address two serious problems simultaneously: Costly, hard to manage agricultural surpluses and dangerous vulnerability to oil supply interruptions.

Finally, Mr. President, I believe there is one other major benefit of this program that is of particular importance to our world trade, and especially our food aid, efforts. Contrary to the frequently-heard claim that fuel alcohol production presents a food vs. fuel threat, the progam I have proposed here would actually enhance the U.S. effort to meet world food needs. From a bushel of corn alone, a wet mill alcohol facility produces the following high grade food/fuel coproducts: 1.5 lbs of corn oil; 9.2 lbs of corn gluten feed (21 percent protein); and 2.7 lbs of corn gluten meal (60 percent protein). In fact, the production of fuel alcohol from grain yields coproducts which contain all of the original protein, vitamins, and minerals; only the starch portion is used to produce the 2.5 gallons of ethanol per bushel. The result is an improved product for world trade and food aid purposes. Whether it be commercial purchasers like the Soviet Union or the poorest food aid recipients, there is one recurrent problem in handling food shipments: an acute shortage of storage, loading, and transportation capability. The high protein alcohol fuel coproducts represent a solution to this problem, since they are only a third of the mass and weight of the bulk grain. Recipient countries get a concentrated quality product, and the United States gets a reduction in its commodity storage costs, a high grade liquid fuel, and the economic stimulus of increased jobs and tax base as a result of value added processing here in this country.

Mr. President, I am convinced that this proposal is worthy of my colleagues' unanimous support. It combines direct budgetary savings with stablized agricultural income, increased energy and national security, increased jobs and economic activity, and the promise of improved world food aid efforts. I would strongly urge my colleagues' fullest consideration and support. The early enactment of this proposal could transform hundreds of millions of dollars of costs into opportunities. We cannot afford to delay.

In the last 2 years, we have seen an enormous growth in CCC held stocks. In 1977, for instance, the Government held only 1 million bushels of corn. Today, those stocks are at about 264 million bushels. According to USDA those stocks are expected to increase to 315 million bushels by October 1982, and to increase to 375 million bushels by October 1983.

Mr. President, there is one overriding reason for this buildup of Government stocks: The Soviet Grain Embargo of 1980. Industry analysts directly attribute this embargo to the buildup of these stocks. These same analysts believe that the CCC reserves of corn are driving down prices by at least 20 cents a bushel. That would amount to a net loss to the Nation's farmers of $1.5 billion, based on a projected 7.7 billion bushel corn harvest this fall.

Even if this program were to increase corn prices by a few cents a bushel, farm income could increase by tens of millions of dollars nationally. Of course, the real answer to reducing these growing surpluses is to develop export markets. Together with Agriculture Committee Chairman Helms, Secretary Block, and many others, we are all working on developing these new markets. However, we should not just count on exports to improve the picture, but look to creative programs such as this proposed law.

Mr. President, I ask unanimous consent that the attachments mentioned earlier and certain other supporting materials be printed in the RECORD.

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

[From Business Week, Mar. 22, 1982]

FLAT FARM EXPORTS MAKE THE DEFICIT GROW

Foreign sales of agricultural commodities—a critical source of trade revenue for the U.S. and of income for its farmers—are heading toward their first decline since the late 1960's. The drop is adding to the budget problems of the Reagan Administration, which recently doubled its projection of outlays for farm price-support programs in fiscal 1982 and 1983 to more than $17 billion. And because it is depressing the farm economy in an election year, the drop in export sales is generating congressional support for retaliatory trade measures to force Japan and Western Europe to reduce trade barriers and subsidies.

In its March forecast, the Agriculture Dept. projected farm export sales of $42.5 billion, down 3 percent from the previous year and the first drop since 1969. The decline will result from a combination of lower prices and lagging volume in some key goods, such as feed grains. Total feed-grain exports, Agriculture predicts, will be down 6 percent to 64.6 million metric tons. Corn prices, now at $2.63 a bushel, are 23 percent lower than a year ago.

FEWER ORDERS

Moreover, the outlook is for continuing weakness in exports and prices. Developing and industrialized nations, including such important markets as China and Japan, are

ordering less because of the worldwide recession that has reduced growth and limited export earnings. And the largest potential buyer in the East bloc, the Soviet Union, is both pinched for hard currency and wary of new U.S. trade restrictions. Notes one trade analyst: "If you thought there was going to be an embargo, why expose yourself further?" Russia so far has ordered only about half the 23 million tons of grain Washington has invited it to buy.

Faltering export sales have a twofold impact on the federal budget. Because crop prices decline, Agriculture is forced to pay grain farmers more compensation under target price programs. And because more farmers are likely to default on crop loans, the department's Commodity Credit Corp. must take title to more grain and assume responsibility for reselling it.

David A. Stockman, director of the Office of Management and Budget, has conceded that the Administration's projections for crop program outlays were some $9 billion too low for fiscal 1982 and 1983. And some analysts believe even that estimate is not high enough. Says Vincent J. Malanga, senior economist at A. Gary Shilling & Co., a New York consulting firm: "Between reduced export demand and the large harvests likely in the coming year, the government is going to have to buy an awful lot of grain."

PRESSURE ON THE HILL

In the meantime, some members of Congress are trying to pressure the Reagan Administration into taking a more aggressive role in marketing agricultural products abroad. Almost immediately after the Agriculture Dept. reduced its estimate of fiscal 1982 export sales, the House Agriculture Committee called Agriculture Secretary John R. Block and U.S. Trade Representative William E. Brock to hearings on farm exports.

Committee members told them that the Administration should support funding of a new program to subsidize commodity loans for developing nations and work harder to reduce trade restrictions in industrialized countries such as Japan, which the U.S. will confront in trade talks during April. If the Administration does not press harder, Congress will, declares Chairman Eligio de la Garza (D-Tex.). "I hope the signal is going out," he says.

SAMPLE WORK SHEET OF TOTAL COSTS FOR CCC-HELD CORN

Acquisition	$2.50
Transportation	.30
Handling	.138
Storage—year 1	.31
	3.25
Interest—year 1—percent	×14
	3.895
Storage—year 2	.30
	4.195
Interest—year 2—percent	×14
Total [1]	$4.786

[1] Estimated average carrying cost to Government of 1 bushel of CCC-held corn over a 2-year period.

Theoretically, the system is supposed to work in a way that ultimately enables the Government to recoup its costs by selling the grain when market prices improve to where they hit the "trigger level" (105 percent of weighted average market price?) allowable by law for release of Government stocks. However, this rarely takes into account the Government's cost of money, administrative costs, or other incidental expenses of carrying the stocks, even under the best of circumstances.

It should be remembered, for instance, if the Government decides to dispose of the grain by exporting it, it will be responsible for paying the freight (estimated at approximately $.30 to $.70 per bushel, as well as additional handling charges.

Most importantly, it is becoming increasingly likely that, with U.S. carryover growing to record levels, and foreign purchasers relegating the United States to a supplier of last resort, CCC stocks could grow even larger, and retention times increase. The costs to the taxpayer could become even larger unless alternative outlets and methods of utilization are found.

PROPOSAL.—CCC contract with alcohol fuel producers to bid for surplus grain. CCC retain title to grain, pay a "processing" fee plus allow alcohol producer to keep high protein by-product, and CCC sell alcohol to Federal fleet.

ROUGH BUDGET IMPACTS IN PER BUSHEL COSTS AND GRAINS TO FEDERAL GOVERNMENT

Costs:	
Processing fee [1]	$1,87
Value of DDG given to processor	1.34
Total costs	3.21
Value:	
Sale of alcohol to DFSC [2]	2.50
Storage, handling, interest costs foregone	(3)
Intangibles—reduced oil imports, job creation, farm income stabilization	(4)
Total value	(5)
Total net budgetary gain	(6)

[1] $.75 per gallon × 2.5 gallon per bushel.
[2] At $1 per gallon.
[3] Conservative estimate $2.28 to $4.78.
[4] No value given.
[5] $4.78 to $7.28.
[6] Direct per bushel of $1.56 to $4.06 based on average 2 year retention period for stocks. Higher figure assumes that extreme surpluses would interfere with CCC recoupment of acquisition costs as provided for under law.

U.S. fuel alcohol production capacity

[Anhydrous gallons]

Year:	*Production capacity*
1979	40,000,000
1980	85,000,000
1981	175,000,000
1982	281,000,000
1983	[1] 362,000,000

[1] Projected through first quarter only.

U.S. FUEL ETHANOL PRODUCTION CAPACITY THROUGH MAR. 31, 1983

[Capacity in million gallons]

Facility	Location	Feedstock	Capacity
Archer Daniels Midland [1]	Decatur, Ill	Corn starch	60.0
Pekin Energy Company [1]	Pekin, Ill	do	60.0
Archer Daniels Midland [1]	Cedar Rpaids, Iowa.	do	45.0
A.E. Staley [1]	Loudon, Tenn	do	40.0
Archer Daniels Midland	Peoria, Ill	Corn	15.0
Am. Gasohol Refiners	Wichita, Kans	do	10.0
Michigan Agrifuels	Alma, Mich	do	8.0
National Distillers Co.	Louisville, Ky	do	6.0
U.S. Gasohol Corp.	Lockeford, Calif	Spirits	5.0
Midwest Solvents	Atchison, Kans	Corn	3.5
Syn Corp.	Roberta, Ga	Spirits	3.0
A. Smith Bowman	Reston, Va	do	3.0
White Flame Fuels	Van Buren, Ark	Corn	3.0
Georgia Pacific	Bellingham, Wash.	Wood	3.0
Farm Fuel Products	Storm Lake, Iowa.	Corn	2.5
Colorado Gasohol	Baca, Colo	do	2.0
Milbrew	Juneau, Wis	Whey	2.0
Total			271.0

U.S. FUEL ETHANOL PRODUCTION CAPACITY THROUGH MAR. 31, 1983—Continued

[Capacity in million gallons]

Facility	Location	Feedstock	Capacity
Small scale production			10.0
Year ending Dec. 31, 1982			281.0
1st Quarter 1983			
South Point Ethanol	South Point, Ohio.	Corn	60.0
Kentucky Agricultural Energy	Franklin, Ky	do	21.0
Total			81.0
Total capacity through March 1983.			362.0

[1] Corn wet milling facility.

[From Alcohol Week, Mar. 22, 1982]

POSTAL SERVICE ALCOHOL PINTOS RUNNING FINE, WITH NO TROUBLE AT ALL

The ethanol and methanol fleet vehicles operated by the U.S. Postal Service in Springfield, IL and Denver, CO are running fine and giving no trouble at all. The Postal Service has 10 methanol powered Ford Pintos and 10 ethanol Pintos operating out of Denver, and nine methanol and eight ethanol Pintos operating out of Springfield. Another methanol Pinto and two more ethanol Pintos will soon be added to the Springfield fleet, making 20 methanol cars and 20 ethanol Pintos in all.

Conversions of the cars from gasoline fueling to alcohol is being done by Postal Service garages in Springfield and Denver, using conversion kits prepared by Alcohol Energy Systems Inc. of Sunnyvale, CA. The cars have been operating for some six weeks, according to a Postal Service official.

Thirteen alcohol cars were operating during a severe cold spell in Springfield and experienced no trouble with starting or operation by postal delivery drivers. No driveability difference was detected between the alcohol Pintos and gasoline Pintos, the source said. "If anything, [the alcohol cars] are a bit better."

It is too early for any comparative operating data to be available, said the Postal Service source. The Pintos will be operated "until they quit," or for their full service life of 6-8 years. Since they have been converted for alcohol fueling, including having their engine compressions raised, they could not practicably be reconverted to gasoline operation, the source said.

Evalaution of fleet operations results will be done in a couple of years, said the source. Whether the Postal Service buys more alcohol cars will depend upon the results of the Springfield and Denver experiment. More engine wear is expected with the methanol cars than the ethanol cars, the source said.

Ethanol for the Springfield fleet is being provided by Archer Daniels Midland and methanol is being provided by Ashland Chemical. Ethanol and methanol for the Denver fleet is being provided by Ashland Chemical, the source said.●

Mr. DIXON. Mr. President, today I am pleased to join with Senator PERCY and others in introducing the Surplus Agricultural Commodities Act of 1982. This proposal would allow the U.S. Department of Agriculture to dispose of surplus stocks of grain at a substantial savings to the Government without changing current market demand for

these agricultural commodities. This measure also reaffirms our commitment to the alcohol fuels industry.

This proposed legislation would allow the Secretary of Agriculture to award processing contracts on a competitive bid basis to alcohol production facilities that would guarantee the delivery back to the Commodity Credit Corporation of a specified amount of fuel-grade alcohol by a specified date. The alcohol fuel produced would be sold by the CCC only to Federal fleet users at a price low enough to require its purchase under existing Federal law and Executive Order 12261.

This proposal would result in significant savings to the Government. According to the USDA, it now costs the CCC at least $1.72 per bushel in interest, storage, transportation, and handling costs for surplus grain held for 2 years. These figures do not take into consideration the amount of loss associated with the deterioration in the quality of the grain held by the USDA.

The outlook for the agriculture economy is bleak. Estimates for net farm income are at the lowest level since the Great Depression. In 1981, for the first time in over a decade, the value of agricultural exports declined. The amount of stock held by the CCC and in the farmers-held reserve continues to increase and with the possibility of good crops again this year, this amount will continue to become larger. This proposal creates a new demand for these stocks at a savings to the Government.

Mr. President, I ask for prompt consideration of this bill and ask my colleagues to join me in support of this proposed legislation.

By Mr. DANFORTH (for himself and Mr. CHILES):

S. 2556. A bill to require that furniture and decorative accessories for use in offices of certain officers of the Government be procured by the Administrator of General Services, and for other purposes; to the Committee on Governmental Affairs.

FURNITURE PURCHASE REIMBURSEMENT ACT OF 1982

● Mr. DANFORTH. Mr. President, this morning the Subcommittee on Federal Expenditures, Research, and Rules held a field hearing at the Federal Labor Relations Authority here in Washington. We saw there a memorable abuse of public funds. The offices of the three members of the FLRA had been decorated, at taxpayer expense, at a cost of more than $150,000. We saw two Barcelona chairs, purchased at a cost of $3,400. We saw eight file cabinets that cost $3,900. We saw a conference table and eight chairs that cost more than $10,000.

These purchases were made last year, despite an OMB bulletin prohibiting such spending and despite budget cutbacks that ultimately led to 47 FLRA employees being RIF'd. None of the three members acknowledged knowing anything about the cost of their furniture or even the total cost of the contract until the furniture arrived.

I do not believe that this behavior is typical of our Federal employees; indeed, I do not believe that this behavior necessarily casts a shadow on the FLRA's ability to carry out its mission. But I do believe it is time to put a stop, once and for all, to the possibility of this happening again.

That is why I am introducing the Furniture Purchase Reimbursement Act of 1982. My message to Federal employees is very simple: either do it right, of buy it yourself. Under my bill, all purchases of furniture for Presidential appointees will have to be handled through the General Services Administration. If a Federal employee violates that rule, he will pay for the furniture out of his own pocket.

At present, the Office of Management and Budget has little power to enforce a freeze on furniture procurement: An outlaw like the FLRA can simply go out and contract for the purchase outside the usual GSA channels. This bill, in my opinion, will provide a simple, straightforward, commonsense remedy. I look forward to its prompt consideration.●

● Mr. CHILES. Mr. President, this morning, Senator DANFORTH and I went to the Federal Labor Relations Authority offices downtown and toured their facilities.

What we found was an agency which has spent a quarter of a million dollars furnishing the offices of its three members in a palatial manner.

We saw carpet and wallpaper purchases which cost $5,000 to $15,000 per room, conference tables $4,000, and chairs $400 to $700 each.

Mr. President, it made me mad to see that these officials ordered themselves a complete set of patio furniture: Tables, umbrellas, chairs, and serving carts for $2,400. Then they discovered that the doors to the patio are permanently locked, so they gave the furniture to the Park Service, which has put it out for public use. I am angry for the taxpayers who have to subsidize this kind of activity.

All of this was occurring while personnel were being fired because the Government could not pay their salaries; with new and surplus furniture in warehouses; and during a Presidential freeze on such purchases.

Our hearing this morning revealed that the agency heads were operating in total disregard to law, to procurement regulations, and most of all in total disregard of commonsense.

Mr. President, we had them all testify, and no one admitted prior knowledge of the costs and the opulence of the procurements which were subsequently made.

One agency official stated that with the benefit of hindsight, what took place in the agency was "illegal."

Mr. President, I am delighted to join Senator DANFORTH in cosponsoring this legislation which would make agency officials personally responsible for furniture purchases they might make under similar circumstances.●

By Mr. QUAYLE:

S. 2557. A bill to amend the Internal Revenue Code of 1954 to simplify the tax system by providing flat rate schedules for individuals and corporations, and for other purposes; to the Committee on Finance.

SELF-TAX PLAN ACT OF 1982

● Mr. QUAYLE. Mr. President, today I am introducing the "SELF-Tax Plan Act of 1982," a proposal to simplify our tax system by providing flat rate schedules for individuals and corporations. My proposal will restore four essential principles to the tax system: simplicity, efficiency, lower rates, and fairness (SELF). The SELF tax reform will permit the American taxpayer to complete the required tax return forms quickly and by him or herself.

FAILURES OF THE CURRENT TAX SYSTEM

Henry Simons, writing in his classic study, "Personal Income" Taxation,[1] insisted that an income tax, if it was to be an improvement over payroll or excise taxes, "should be progressive, it should be levied according to simple general rules or principles * * * and it should be as equitable as possible among individuals. Thus, it must proceed from a clear and workable conception of personal income; and it must be constructed in such manner as to minimize the possibilities, both of lawful avoidance * * * and of successful evasion through false declaration."

Our current tax system retains an officially progressive rate structure, but in every other respect fails to meet the primary requirements of a fair tax system. These requirements are: simplicity, efficiency, low tax rates and fairness (SELF). Our tax system, taking into account all the exceptions and preferences built into the law, is also not even very progressive.

A. SIMPLICITY

A "simple" tax system is one in which the tax code is relatively simple to understand and administer. Regulations, forms and instructions should be easily understood by taxpayers and tax administrators alike.

Today our tax structure is more complex than it has ever been. In 1954, only 18 percent of taxpayers used tax return preparers; over 80 percent filled out their tax forms person-

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Footnotes at end of article.

ally. In 1981, 52.4 percent of all 1040 forms were prepared by specialists as were 16.9 percent of all 1040A forms—an average of almost 40 percent overall.

In addition, in 1953, even though most Americans filled out their own tax forms, only 3.2 percent of 1040 and 1040A returns had mathematical errors. In 1976, 8.8 percent of these forms had such errors, and in 1980 the error rate was 7.4 percent.

The Commissioner of Internal Revenue, in 1977, summarized the difficulty clearly when he stated that the basic filing requirements for U.S. tax returns are "beyond the comprehension of a large portion of the adult population." [2]

B. EFFICIENCY

An efficient tax system is "neutral:" it allows personal and business decisions to be made on the basis of their perceived value, apart from tax considerations. It does not induce individuals and businesses to engage in uneconomic activity in order that they receive specific tax breaks.

Clearly the U.S. tax system has been a major factor influencing recent U.S. patterns in trade, investment, research, and development. The tax structure has promoted consumption and over-investment in such items as residential housing and racehorses, while it has discouraged business modernization. It has been a major factor contributing to our recent decline in productivity growth.

An efficient tax system is also one which can collect necessary revenues with relatively simple enforcement procedures, made possible by public support and cooperation. Thus, an efficient tax system must be perceived as basically fair and worthy of support.

There was a time when Americans were proud to pay their income tax. Efficiency of collection surpassed the efforts of most other nations, with relatively few tax collectors and special enforcement mechanisms. Today, this situation is dramatically different.

More Americans each year are taking advantage of the available tax loopholes. For every year since 1976 a smaller percentage of American tax returns have chosen to take the standard deduction while a higher percentage has chosen to itemize. Also, the average American taxpayer who itemizes no longer fills out his own tax form; a clear majority of those who itemize have their returns filled out by professionals. American business also has taken advantage of the tax preferences; it is now estimated that nearly half of all American businesses, as a result of the complex collection of available business tax provisions, will pay no corporate income tax in fiscal year 1983.

Enforcement of the tax laws has become extremely costly to Government. Nearly half of all government-created paperwork stems from different tax forms, requiring an estimated expenditure of 650 million man-hours annually. The system, rather than inducing cooperation, has angered the average taxpayer who is beginning to turn away from the system altogether. It is now estimated that 15 percent of income goes unreported, probably the highest percentage in the history of the Internal Revenue Code.

Recently, a bill was introduced by Senators DOLE and GRASSLEY to reform the tax compliance system. Senator DOLE estimates that the income tax compliance gap for both individual and corporate income taxes—the difference between what the Federal Government is owed and what it collects—grew from $21 billion in 1973 to $76 billion in 1981. His bill would require stiffer reporting, higher penalties for noncompliance, and a beefing-up of IRS resources.[3]

The regulatory cost of the present tax system is staggering. Today IRS regulations contained in title 26 of the Internal Revenue Code fill some 10,000 pages. The IRS employs more than 50 attorneys who spend 65 percent of their time writing new regulations, generally specifically authorized by Congress. Rather than attempting to cut down on these regulations, we are now considering expanding and enforcing them more effectively. This can only serve to anger the average taxpayer even more.

C. LOW TAX RATES

The profusion of tax preferences in the present code substantially redistributes the Federal tax burden and renders it considerably less progressive than the published tax rates. Also, by excluding substantial amounts of income from the tax base, rates imposed on the remainder must be kept high so the necessary amount of revenue can be raised.

For example, in 1961 only 10 percent of U.S. tax returns had a positive marginal tax rate other than 20 to 22 percent. In that year we had almost a flat, rather than progressive schedule of tax rates.[4] Today, in comparison, published tax rate schedules are much more progressive than they were in 1961, but we also have enacted a profusion of tax expenditures.

The result has been, in spite of all the changes in the tax laws over the last 30 thirty years, average tax rates as a percent of personal income have gradually increased, despite passage of the 1964 and 1981 tax laws which both substantially lowered maximum tax rates (from 91 to 70 percent in 1964; from 70 to 50 percent in 1981[5]). Between 1951 and 1981 the average tax rate as a percentage of personal income increased from 9.2 percent in 1951 to 12.1 percent in 1981.[6]

D. FAIRNESS

A tax system is fair if it is based on the basic principle of ability of pay. All income should be treated equally as part of the tax base, and people with the same income should pay the same tax.

Clearly this does not describe the current American tax system. In 1982, U.S. individual income tax rates range from zero to 50 percent. However, U.S. law also provides for well over a hundred separate exclusions, exemptions, deductions, preferential tax rates, credits and tax deferrals which allow for relief or exemption from current taxes. These so-called "tax expenditures" either reduce taxable income or reduce taxes by applying lower rates, credits or delays in tax payment. The total revenue lost to all tax expenditures will be over $250 billion in fiscal year 1982, well over twice the size of the Federal budget deficit projected for that year.[7]

Because of the complexity in the tax law, substantial equity has been lost; different taxpayers with roughly the same income pay far different rates of tax depending on their eligibility for different tax preferences. Tax expenditures have rendered the otherwise progressive rate structure less progressive, partly because tax preferences are most prevalently used by wealthy taxpayers to reduce their tax burden: These are the taxpayers who can afford to hire specialists to take advantage of the tax code's complexity.

A NEW APPROACH TO RAISING REVENUES: THE SELF-TAX PLAN

I believe we need to reexamine the fundamental structure of our tax system. We must reestablish SELF as the overriding principle in taxation: simplicity, efficiency, low tax rates, and fairness. These principles entail the following:

People should be able to understand the basic requirements of the tax law and to file their returns by themselves, without the need for professional assistance.

All income should be taxed equally. People who earn the same income should pay the same tax.

The poor should not be taxed at all, and we should be careful to establish this standard fairly generously.

Specific preferences and subsidies should be removed from the tax code; economic policy should be addressed directly and not through incomprehensible tax manipulations.

What I am advocating is a return to a simple relatively flat-rate tax schedule. It has been estimated that a flat rate of about 19 percent on all income, excluding payments from the very poor, would raise about the same revenue as was raised by the Federal Government in 1980.[8]

While a single flat rate would be simplest to administer, I would advo-

Footnotes at end of article.

cate retaining at least some progressivity in the tax structure. I would exempt from all taxes persons earning $17,500 per year or less. However, I would include all sources of income in computation of each individual's tax base.

My plan will eliminate almost all special tax exemptions from the code. Government benefits would be counted as income. This would include, for example, unemployment insurance, employers' contributions to health benefits, credits for child care expenses, the exclusion of employee meals, food stamp benefits, and basic retirement benefits. I would include a provision to insure that persons receiving social security should not be taxed twice on their social security contribution.

Currently the officially defined poverty level is about $9,000 per year for a family of four. The value of transfer payments received for the same size family is now estimated to equal about $5,000 per year. I believe that with a $17,500 limitation per individual taxpayer, no poor person by current definitions would be required to pay any tax. In addition, the lowest income recipients among the non-poor population would also be exempt from individual income taxation.

In addition, I believe the wealthiest taxpayers should pay a somewhat higher rate than the average taxpayer. Thus, I would advocate a top rate of 25 percent on incomes above $50,000 per year. Incomes between $17,500 and $50,000 would be taxed at an 18-percent rate. This would add an element of progressivity to the system and should provide sufficient revenue to conduct the activities of the Federal Government.

I would permit a dependents' allowance of $600 per person to recognize the costs of raising children. I would retain the current system which distinguishes single individuals from married persons, and I would permit the filing by married couples of joint tax returns.

With respect to business taxes, I would establish a flat 20-percent rate that would apply to all forms of business, including corporations, partnerships, and farms. Business would be taxed on the base of gross earnings, less the amount paid for goods, services and employee compensation. I would permit a capital recovery allowance to encourage investment in plant and equipment and allow deductions for such normal costs of business as interest and depreciation.

As with the individual income tax base, I would repeal the current morass of deductions from the numerous specific business subsidies in the present tax code. Businesses would not be taxed on earnings received from ownership of other businesses, provided the owned business files its own tax return.

I would tax business income only once, with the business tax. I would therefore not tax individuals for earnings from dividends, interest and capital gains, since this income would already have been taxed via the business tax. The effect of removing the current double taxation of business income should be to encourage investment in productive enterprise and to simplify investment decisions.

Under this general plan, then, all official tax rates would be reduced substantially. The top individual tax rate would drop from 50 to 25 percent. The top business tax rate would be reduced from 46 to 20 percent.

The IRS could devise a postcard on which every taxpayer could compute his own tax. Paperwork for business would be cut very radically, as it would for Government. Lower rates would be made possible by a fairly broad expansion of the tax base. The poorest individuals would pay no tax, and we would retain a slightly progressive rate schedule. In addition, business would pay its fair share of the tax burden.

The estimated effects of my proposed plan are summarized in table I:

As can be seen from the table (which is based on data produced by the Treasury Department in 1981), if my plan were in effect for the current fiscal year, the Federal Government would collect about $29 billion more in revenue than under current law.

The different income groups would be affected differently by the proposed system. The poor and near-poor would pay no tax. In 1982, this group paid $34.5 billion in Federal income taxes.

The middle group ($17,500 to $50,000) would pay about $16.3 billion less in tax than they pay under current law, providing a somewhat lower percentage of total Federal taxes collected. The $17,500 to $50,000 income group would provide 27.7 percent of total Federal revenues compared to 31.6 percent under current law.

The wealthiest group of taxpayers (over $50,000 per year) would pay $17.8 billion more in individual income taxes under the SELF plan than under current law. The highest income group would also provide a higher proportion of Federal revenues collected than they do now (13 percent compared to 10.7 percent).

Under my proposed SELF plan, business income taxes would provide $62 billion more in Federal tax revenues than at present. Business would provide 17.1 percent of total Federal revenues—not a high proportion by historic standards. This would reverse the recent trend of eliminating business taxes. In 1982, business income taxes will provide only 8.0 percent of total Federal revenues.

NECESSITY FOR DEALING WITH THE TAX PROBLEM NOW

The present tax structure, including its numerous preferences and loopholes, is no longer able to raise sufficient revenues for the operation of the Federal Government. If we do nothing to raise revenues we cannot avoid large budget deficits. Such deficits frighten businessmen and investors, causing interest rates to remain very high. This weakens the prospects for a healthy economic recovery. It is clear that Congress must address the issue of long-term revenues if the Federal deficit is to be reduced.

The need to simplify the tax structure is widely recognized. Several bills have already been introduced in the Senate which would order the Treasury Secretary to propose legislation or to draft changes in regulations to provide for massive simplification of the tax code.[9]

If a serious approach to increasing the tax base is not soon adopted, we will face the prospect of either raising rates or adding new taxes. I believe we will all be better off if we took the path of reform. If we do not, we will be perpetuating the present inequities and inefficiencies in the system.

Many advantages would ensue from a program of tax simplification. Americans could once again compute their own taxes. They no longer would have to employ tax preparers to wade through a jungle of incomprehensible regulations. The ease of dealing with the tax system should result in an increase in income reported, and the underground economy would begin to shrink.

The system would be much fairer. People with the same income would pay the same level of tax. There would be no reward to employing high priced tax specialists to gain special benefits by manipulating confusing rules and regulations; there would be relatively few regulations to manipulate. Everyone who pays tax would do so on the same, straightforward basis. This should reduce taxpayer anger and restore basic public respect for the total system.

The system would also be more equitable and more efficient. The poor would not pay anything, the wealthy would pay a higher rate than anyone else, and business would pay its fair share. A substantial burden in paperwork would be lifted from business, government, and individuals alike. Tax considerations would no longer be the driving force behind specific business decisions; the economy would be freer to respond to normal market forces. The result should be higher economic growth and productivity. Overall long-term benefits from such tax reform can be very great and I believe we should begin to consider the issue seriously.

Footnotes at end of article.

FOOTNOTES

[1] Chicago, University of Chicago Press, 1937, p. 206

[2] Speech, May 23, 1977.

[3] Statement to the Press of Senator Bob Dole on the Underground Economy, March 5, 1982, pp. 1-2.

[4] Eugene Steurle and Michael Hartzmark, "Individual Income Taxation, 1947-1979," National Tax Journal, v. 34, June 1981, p. 156.

[5] J. Pechman, *Federal Tax Policy* (Brookings Institution), Table A-2, p. 300.

[6] Steurle and Hartzmark, *op. cit.*, p. 157.

[7] *Estimates of Federal Tax Expenditures for Fiscal Years, 1982-1987*, prepared for the Committee on Ways and Means and the Committee on Finance, Joint Committee on Taxation, March 8, 1982, p. 18.

[8] Robert E. Hall and Alvin Rabushka, "A Simple Income Tax with Low Marginal Rates," Hoover Institution, Stanford University, November 12, 1981, p. 13.

[9] S. 2147 (97th Congress, 2d session, March 1, 1982) introduced by Senator DeConcini requires the Treasury Secretary to propose legislation that would establish a simple income tax with low marginal rates. S. 2200 (97th Congress, 2d session, March 15, 1982) introduced by Senator Helms, would provide for a flat 10 percent income tax rate to all individuals, allowing only a $2,000 personal exemption.

Mr. President, I ask unanimous consent that the bill, a section-by-section analysis, and a table be printed in the RECORD.

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

S. 2557

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "SELF-Tax Plan Act of 1982".

SEC. 2. SIMPLIFIED RATES FOR INDIVIDUALS.

Section 1 of the Internal Revenue Code of 1954 (relating to tax on individuals) is amended to read as follows:

"SECTION 1. TAX IMPOSED.

"There is hereby imposed on taxable income of each individual (including an estate and trust) for each taxable year a tax equal to the applicable percentage of taxable income determined in accordance with the following table:

"If the taxable income is:	The applicable percentage is:
Not over $17,500	0
Over $17,500 but not over $50,000	18
Over $50,000	25.".

SEC. 3. FLAT RATE FOR CORPORATIONS.

Section 11 of the Internal Revenue Code of 1954 (relating to tax imposed on corporations) is amended to read as follows:

"SEC. 11. TAX IMPOSED.

"There is hereby imposed for each taxable year on the taxable income of every corporation a tax equal to 20 percent of such taxable income.".

SEC. 4. REPEAL OF ALL SPECIAL PROVISIONS.

(a) IN GENERAL.—Except as provided in subsection (b), all specific exclusions from gross income, all deductions, and all credits against income tax are hereby repealed.

(b) RULES OF APPLICATION OF SIMPLIFIED TAX SYSTEM.—The repeals provided in subsection (a) shall be subject to the following exceptions:

(1) The following provisions shall not be repealed:

(A) Section 31 (relating to credit for tax withheld on wages).

(B) Section 32 (relating to credit for tax withheld at source on nonresident aliens).

(C) Section 102 (relating to gifts and inheritances).

(D) Section 115 (relating to income of States, municipalities, etc.).

(E) Part V of subchapter B of chapter 1 (relating to deductions for personal exemptions), except that the amount allowable for each such exemption shall be $600.

(2) The following principles shall control with respect to such repeals:

(A) Deductions shall be allowed for ordinary and necessary business expenses (including a capital recovery allowance).

(B) Income earned by a trade or business shall be taxed only once, thus eliminating any taxation of dividends, interests, or gain from the sale or exchange of an interest in a trade or business.

(C) Married individuals may at their election file a joint return but the marriage penalty shall be eliminated.

(D) No individual shall be taxed twice on their Social Security (or other retirement) contributions.

SEC. 5. EFFECTIVE DATE, ETC.

(a) EFFECTIVE DATE.—The amendments made by this Act shall apply to taxable years beginning after December 31, 1982.

(b) TECHNICAL AND CONFORMING CHANGES.—The Secretary of the Treasury or his delegate shall, as soon as practicable but in any event not later than 90 days after the date of the enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives a draft of any technical and conforming changes in the Internal Revenue Code of 1954 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

SECTION-BY-SECTION ANALYSIS

Sec. 1. Establishes the "SELF-Tax Plan Act of 1982" as the short title of the bill.

Sec. 2. Provides simplified tax rates for individuals. Incomes of not over $17,500 per year will not be taxed; incomes over $17,500 but not over $50,000 would be taxed at an 18 per cent rate; incomes of over $50,000 would be taxed at 25 per cent.

Sec. 3. Provides a flat rate of 20 per cent for corporations.

Sec. 4. Repeals all specific exclusions from gross income, deductions and credits against the income tax. A number of exceptions are provided:

(1) withholding is permitted and credits for taxes withheld.

(2) Income from gifts and inheritances will be treated as under current law.

(3) the Federal Government will not tax state and local governments.

(4) Deductions will be permitted to corporations for ordinary and necessary business expenses, including a capital recovery allowance.

(5) Income earned by a trade or business will be taxed only once, eliminating taxation of dividends, interests, or gains from the sale of an interest in a trade or business.

(6) The marriage penalty is eliminated, but married couples may file jointly if they so choose.

(7) No individual will be taxed twice on their Social Security or other pension contributions.

Sec. 5. The amendments made by this Act shall apply to taxable years beginning after December 31, 1982. The Treasury Secretary or his delegate are directed to submit, not later than 90 days after the enactment of this Act, any necessary conforming changes in the Internal Revenue Code of 1954 to the Committee on Ways and Means of the House of Representatives.

TABLE I.—INCOME TAX REVENUES COLLECTED BY THE FEDERAL GOVERNMENT FOR FISCAL YEAR 1982—1981 TAX LAW COMPARED TO QUAYLE SELF-TAX PLAN

[Dollars in billions]

	1981 tax law (1982 estimate)		Quayle self-tax Plan [1]	
	Amount	Percent [2]	Amount	Percent [2]
A. Individual income taxes (per year)	$300.0	47.8	$267	40.7
Taxpayers:				
Under $17,500	34.5	5.5	0	0
$17,500–$50,000	198.3	31.6	[3] 182	27.7
Over $50,000	67.2	10.7	85	13.0
B. Business income tax	50.0	8.0	112	17.1
Total	350.0	55.8	379	57.8

[1] Assumes revenues collected from other than income taxes will not be changed (social insurance, excise, estate and gift taxes, custom duties, and miscellaneous receipts) a total of $277.1 billion.

[2] Percent of Federal revenue collected.

[3] The $600 dependents allowance (an estimated revenue loss of $6 billion) is attributed entirely to the $17,500–$50,000 income bracket.

Source: U.S. Department of the Treasury Office of Tax Analysis, reported in "A Program for Economic Recovery" White House report (Feb. 1981).●

By Mr. DECONCINI:

S. 2558. A bill to increase the duty on imported copper by an amount which offsets the cost incurred by copper producers in the United States in meeting domestic environmental requirements; to the Committee on Finance.

COPPER ENVIRONMENTAL EQUALIZATION ACT OF 1982

Mr. DECONCINI. Mr. President, I am today introducing legislation of great potential significance to the western copper producing States and the Nation as a whole. It is the Copper Environmental Equalization Act of 1982.

We are faced, as everyone is surely aware, with a crisis of major proportions in the American copper industry. The effect of this crisis is to erode the productive capability of the copper industry and to throw into disarray the lives of thousands of men and women whose livelihood—directly or indirectly—hinges on copper. As the world price of copper has steadily declined, American producers have been faced with the unpleasant choice of either sustaining ever greater losses on the sale of copper produced below cost or to cut back on production.

For a short period it was not unreasonable to expect the industry to suffer its losses. But as the crisis has become more protracted with little signs of abatement in the near future, they have made substantial cutbacks in production. This has taken three forms: Mines have been closed altogether; some workers have been laid off in other mines; or, workers have been put on shortened work weeks.

It is estimated that between 8,000 and 12,000 have been in my own State of Arizona which has been hardest hit because it produces 64 percent of the Nation's copper. The situation has

become intolerable, and I believe we have a responsibility to our constituents to take affirmative action.

The purpose of the legislation is to equalize the competitive position of the American copper industry vis-a-vis the world copper industry.

Until recently, American industry has been extremely competitive. Although American ores are generally lower grade than that found in some of the foreign producing nations, we have compensated through the much higher productivity of American labor. That is a tribute both to management and labor. However, the Federal Government has, in recent years, imposed a number of very legitimate requirements on the copper industry. These requirements were designed to protect our God-given environment so that our children will have pure air to breath and natural beauty to behold.

But the imposition of these requirements has been expensive. It has increased the cost of domestically produced copper. Those increases have given foreign copper producers a competitive advantage which is not inherent, but artificial. The legislation we introduce simply seeks to equalize the costs of American copper where the differences are the result of environmental requirements.

This legislation would impose a tariff upon copper produced in countries which do not adhere to the same pollution standards as the United States. That figure can be adjusted upward or downward depending upon each country's efforts in the area of pollution control. If a country's efforts are similar to our own, no additional tariff would be imposed. If, conversely, those efforts are virtually nonexistent—as is the case in many of those countries which export copper—the tariff would be higher—if the President makes such a finding.

The Copper Environmental Equalization Act of 1982 is legislation that is worthwhile. It serves the objective of protecting the American copper industry in a way and for reasons it should be protected. This is not an indiscriminate tariff imposed to cut off world trade. It is a rational tariff designed to compensate for increased costs associated with the environment. In fact, it is our hope that this legislation will encourage foreign governments to adopt standards similar to our own and, in the process, make a substantial contribution toward protecting the world's environment.

I ask unanimous consent, Mr. President, to have the text of the bill printed in the RECORD.

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

S. 2558

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 "Copper Environmental Equalization Act of 1982".

PURPOSE

SEC. 2. The purpose of this Act is—

(1) to enhance the world's environment by encouraging foreign copper producers to adopt environmental measures substantially equivalent to those employed in the United States; and

(2) to offset the cost advantage obtained by foreign copper producers who do not employ environmental measures substantially equivalent to those imposed on domestic copper producers.

AMENDMENTS TO THE TARIFF SCHEDULES OF THE UNITED STATES

SEC. 3. The Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new part:

"PART 4.—ENVIRONMENTAL EQUALIZATION DUTIES

Item	Articles
	Part 4 headnotes: 1. The duties provided for in this part are cumulative duties which apply in addition to the duties, if any, otherwise imposed on the articles involved. Unless otherwise stated, the duties provided for in this part are effective until suspended or terminated. 2. The duties provided for by items 970.00 and 972.00 may be adjusted as provided in section 4 of the Copper Environmental Equalization Act of 1982.

Item	Stat. suffix	Subpart A. Metal-bearing ores and other metal-bearing materials	Units of quantity	Rates of duty		
				1	LDDC	2
970.00		Cooper bearing ores and materials (provided for in items 602.28, 602.30, 603.49, 603.50, 603.54, and 603.55 of part 1, schedule 6).		10 cents per pound on copper content.	10 cents per pound on copper content.	10 cents per pound on copper content.

Item	Stat. suffix	Articles	Units of quantity	Rates of duty		
				1-a	1-b	2
		Subpart B. metals, their alloys and their basis shapes and forms.				
972.00		Copper, its alloys and their so called basic shapes and forms (provided for in items 512.02 through 512.06, inclusive, and items 612.15 through 613.18, inclusive, of part 2C, schedule 6).		10 cents per pound on copper content.	10 cents per pound on copper content.	10 cents per pound on copper content.

ADJUSTMENTS TO COPPER EQUALIZATION DUTY

SEC. 4. (a) The President shall, under the circumstances described in subsection (b), adjust the duty imposed on an article of copper under part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202).

(b) The President shall, based upon determinations of the various environmental costs of production by the Administrator of the Environmental Protection Agency (hereinafter in this Act referred to as the "Administrator") under section 6—

(1) increase the duty imposed by such part 4 on an article of copper by an amount equal to the amount by which the excess of—

(A) the United States environmental costs of production per pound of such article, over

(B) the sum of—

(i) the foreign environmental costs of production of such article, plus

(ii) the amount of such duty (prior to such increase); and

(2) decrease the duty imposed by such part 4 on an article of copper, by an amount equal to the amount by which the excess of—

(A) the sum of—

(i) the foreign environmental cost of production of such article, plus

(ii) the amount of such duty (prior to such decrease), over

(B) the United States environmental cost of production per pound of such article.

PROPOSALS FOR ADJUSTMENT TO THE COPPER EQUALIZATION DUTY

SEC. 5. The Secretary of the Treasury (hereinafter in this Act referred to as the "Secretary") shall be regulation prescribe a procedure by which interested parties may propose an adjustment in the rate of duty under section 4. If the Secretary finds pursuant to such procedure that there may be cause to make an adjustment under section 4, he shall request the Administrator to make a determination under section 6 of each of the environmental costs of production required to be made by such section.

DETERMINATION OF ENVIRONMENTAL COSTS OF PRODUCTION

SEC. 6. The Administrator shall be regulation prescribe a method or methods for the determination of environmental costs of production for the articles of copper subject to the duty imposed by part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202), which shall include a method or methods for the determination of the foreign environmental cost of production of such an article of copper in cases in which environmental costs of production have been incurred in more than one country.

(b) When requested by the Secretary under section 5, the Administrator shall, applying the methods prescribed under subsection (a), determine—

(1) the environmental cost of production for each phase of processing of each article for which such request is made, with respect to each country in which such processing occurs, and

(2) the comparable environmental cost of production of such article in the United States for each such phase.

The foreign environment cost of production shall be computed with respect to each such article for each combination of countries in which such article may be processed for importation into the United States.

REDUCTION OF DUTIES

SEC. 7. Notwithstanding any other provision of law, the President may reduce the duty which is imposed on articles of copper by part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1201) only in accordance with the provisions of this Act.

AMENDMENT TO THE TRADE ACT OF 1974

SEC. 8. Paragraph (1) of section 503(c) of the Trade Act of 1974 (19 U.S.C. 2463) is amended—

(1) by striking out "and" at the end of subparagraph (F);

(2) by striking out the period at the end of subparagraph (G) and inserting in lieu thereof ", and"; and

(3) by adding at the end thereof the following new subparagraph:

"(H) copper articles which are subject to the duty imposed by part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202).".

DEFINITIONS

SEC. 9. For purposes of this Act—

(1) The term "environmental cost of production" means the cost incurred in mining, milling, smelting, refining, or in any other phase of the processing of an article of copper which is subject to the duty imposed by part 4 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) such duty if imported into the United States, which is attributable to compliance with a law or regulation of the country in which such process occurs which is for the purpose of protecting the environment.

(2) The term "United States environmental cost of production" means the aggregate of the environmental costs of production of an article of copper—

(A) which would be subject to the duty imposed by such part 4 if it were imported into the United States, and

(B) for which each phase of the processing occurs in the United States.

(3) The term "foreign environmental cost of production" means the aggregate of the environmental costs of production of an article of copper subject to the duty imposed by such part 4 which is imported into the United States.

EFFECTIVE DATE

SEC. 10. The provision of this Act shall be effective with respect to articles entered, or withdrawn from warehouse, for consumption after the date of enactment of this Act.

ADDITIONAL COSPONSORS

S. 1421

At the request of Mr. EAGLETON, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1421, a bill entitled the "National Archives and Records Administration Act of 1981."

S. 1422

At the request of Mr. GRASSLEY, the Senator from New Hampshire (Mr. HUMPHREY) was added as a cosponsor of S. 1422, a bill to authorize the donation of surplus property to any State for the construction and modernization of criminal justice facilities.

S. 1910

At the request of Mr. BENTSEN, the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 1910, a bill to amend section 403(B)(2) of the Internal Revenue Code of 1954 with respect to computation of the exclusion allowance for ministers and lay employees of a church; to add new section 430(B) annuity contract includes an annuity contract of a church, including a church pension board; to conform section 403(c) with recent amendments to 402(a)(1); to amend section 415(c)(4) to extend the special elections for section 430(b) annuity contracts to employees of churches or conventions or associations of churches and their agencies; to add a new section 415(c)(8) to permit a de minimis contribution amount in lieu of such elections; and to make a clarifying amendment to section 415(c) by adding a new paragraph (9) and conforming amendments to sections 415(d)(1), 415(d)(2), and 403(b)(2)(B).

S. 1984

At the request of Mr. MCCLURE, the Senator from Nebraska (Mr. ZORINSKY), and the Senator from Idaho (Mr. SYMMS) were added as cosponsors of S. 1984, a bill to amend the Federal Trade Commission Act to protect the legislative and regulatory authority of the State legislatures, and for other purposes.

S. 2013

At the request of Mr. INOUYE, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 2013, a bill to amend the Controlled Substances Act to establish a temporary program under which heroin would be made available through qualified hospital pharmacies for the relief of pain of cancer patients.

S. 2159

At the request of Mr. DANFORTH, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 2159, a bill to amend the Bankruptcy Act to provide that judgment debts resulting from a liability which is based on driving while intoxicated shall not be discharged.

S. 2215

At the request of Mr. THURMOND, the Senator from Illinois (Mr. PERCY), the Senator from South Dakota (Mr. PRESSLER), the Senator from Michigan (Mr. RIEGLE), the Senator from South Dakota (Mr. ABDNOR), the Senator from Ohio (Mr. METZENBAUM), the Senator from Pennsylvania (Mr. SPECTER), and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of S. 2215, a bill to recognize the organization known as the National Association of State Directors of Veterans Affairs, Inc.

S. 2225

At the request of Mr. BAUCUS, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 2225, a bill to amend the Internal Revenue Code of 1954 to remove certain limitations on charitable contributions of certain items.

S. 2263

At the request of Mrs. HAWKINS, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 2263, a bill to amend the Controlled Substances Act to provide increased penalties for illegal distribution of controlled substances in or adjacent to elementary and secondary schools.

S. 2297

At the request of Mr. HATCH, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 2297, a bill to amend title II, United States Code, to improve the protection for shopping centers and their tenants under the Bankruptcy Code.

S. 2298

At the request of Mr. BOSCHWITZ, the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 2298, a bill entitled "The Enterprise Zone Tax Act of 1982."

S. 2300

At the request of Mr. FORD, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 2300, a bill to establish domestic content re-

quirements for motor vehicles sold in the United States, and for other purposes.

S. 2353

At the request of Mr. BENTSEN, the Senator from Alabama (Mr. DENTON), the Senator from Nebraska (Mr. ZORINSKY), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Georgia (Mr. MATTINGLY), the Senator from Tennessee (Mr. SASSER), the Senator from Alabama (Mr. HEFLIN), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 2353, a bill entitled "The Life Insurance Taxation Act of 1982."

S. 2366

At the request of Mr. DOLE, the Senator from Florida (Mr. CHILES), the Senator from Missouri (Mr. DANFORTH), the Senator from Montana (Mr. MELCHER), and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of S. 2366, a bill to set aside certain surplus vessels for use in the provision of health and other humanitarian services to developing countries.

S. 2486

At the request of Mr. EAGLETON, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 2486, a bill to authorize the Secretary of Agriculture to purchase stored commodities from producers under certain circumstances.

S. 2493

At the request of Mr. DOLE, the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 2493, a bill to amend the Food Stamp Act of 1977 to reform the food stamp program, and for other purposes.

S. 2543

At the request of Mr. CHILES, the Senator from Nebraska (Mr. ZORINSKY) was added as a consponsor of S. 2543, a bill to improve the effectiveness and efficiency of Federal law enforcement efforts.

SENATE JOINT RESOLUTION 162

At the request of Mr. ROTH, the Senator from Indiana (Mr. LUGAR), the Senator from Kentucky (Mr. FORD), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of Senate Joint Resolution 162, a joint resolution to authorize and request the President to designate the week of June 20, 1982, through June 27, 1982, as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 172

At the request of Mr. HELMS, the Senator from Massachusetts (Mr. TSONGAS) was added as a cosponsor of Senator Joint Resolution 172, a joint resolution designating Baltic Freedom Day.

SENATE JOINT RESOLUTION 188

At the request of Mr. INOUYE, the Senator from Alabama (Mr. HEFLIN), the Senator from Florida (Mr. CHILES), and the Senator from Nevada (Mr. CANNON) were added as cosponsors of Senate Joint Resolution 188, a joint resolution to authorize and request the President to designate March 1, 1983, as "National Recovery Room Nurses Day."

SENATE JOINT RESOLUTION 199

At the request of Mr. SASSER, his name was added as a cosponsor of Senate Joint Resolution 199, a joint resolution proposing an amendment to the Constitution of the United States.

SENATE CONCURRENT RESOLUTION 90

At the request of Mrs. HAWKINS, the Senator from Florida (Mr. CHILES), the Senator from Mississippi (Mr. COCHRAN), the Senator from California (Mr. HAYAKAWA), and the Senator from New York (Mr. D'AMATO) were added as cosponsors of Senate Concurrent Resolution 90, a concurrent resolution to express the sense of the Congress that the President is urged to promote a declaration by the United Nations of an International Year Against Drug Abuse.

SENATE CONCURRENT RESOLUTION 93

At the request of Mr. DOLE, the Senator from Minnesota (Mr. DURENBERGER), the Senator from Iowa (Mr. GRASSLEY), and the Senator from Maine (Mr. COHEN) were added as cosponsors of Senate Concurrent Resolution 93, a concurrent resolution to urge the Government of the Soviet Union to facilitate the emigration of certain Soviet citizens, and for other purposes.

AMENDMENT NO. 1488

At the request of Mr. MITCHELL, his name was added as a cosponsor of amendment No. 1488 proposed to Senate Concurrent Resolution 92, an original concurrent resolution setting forth the recommended congressional budget for the U.S. Government for fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for fiscal year 1982.

UP AMENDMENT NO. 970

At the request of Mr. HARRY F. BYRD, JR., his name was added as a cosponsor of UP amendment No. 970 proposed to Senate Concurrent Resolution 92, an original concurrent resolution setting forth the recommended congressional budget for the U.S. Government for fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for fiscal year 1982.

At the request of Mr. RANDOLPH, his name was added as a cosponsor of UP amendment No. 970 proposed to Senate Concurrent Resolution 92, supra.

AMENDMENTS SUBMITTED FOR PRINTING

URGENT SUPPLEMENTAL APPROPRIATIONS, 1982

AMENDMENT NOS. 1489 THROUGH 1491

(Ordered to be printed and to lie on the table.)

Mr. ARMSTRONG submitted three amendments intended to be proposed by him to the bill (H.R. 5922) making urgent supplemental appropriations for the fiscal year ending September 30, 1982, and for other purposes.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

AMENDMENT NO. 1492

(Ordered to be printed.)

Mr. SASSER (for himself and Mr. SARBANES) proposed an amendment to the concurrent resolution (S. Con. Res. 92) setting forth the recommended congressional budget for the U.S. Government for the fiscal years 1983, 1984, and 1985, and revising the congressional budget for the U.S. Government for the fiscal year 1982.

NOTICES OF HEARINGS

SUBCOMMITTEE ON RURAL DEVELOPMENT, OVERSIGHT, AND INVESTIGATIONS

Mr. ANDREWS. Mr. President, I wish to announce that the Senate Agriculture Subcommittee on Rural Development, Oversight, and Investigations will hold a hearing on rural energy policy. The "Rural Energy Equity" hearings will investigate the extent of energy problems and will explore all avenues that will help the United States achieve energy independence.

The hearings are scheduled for May 25 and 26 at 1:30 p.m. in room 324, Russell Senate Office Building.

Anyone wishing further information should contact John Cozart at 224-2035.

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

Mr. COCHRAN. Mr. President, as chairman of the Senate Agriculture Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, I wish to announce that hearings have been scheduled on proposed revisions in the dairy price support program. The subcommittee will receive testimony on S. 2533, the Emergency Dairy Adjustment Act of 1982, as well as on other proposals to make adjustments in the program.

The hearing will be held on Thursday, May 27, beginning at 10 a.m., in room 324, Russell Senate Office Building.

Anyone wishing further information should contact the Agriculture Committee staff at 224-2035.

SUBCOMMITTEE ON SECURITIES

Mr. D'AMATO. Mr. President, I would like to announce for the information of the Senate and the public that the Subcommittee on Securities will hold a hearing regarding recent disturbances in the U.S. Government securities market. The hearing will be held on Tuesday, May 25, 1982, in room 5300 of the Dirksen Senate Office Building beginning at 9:30 a.m. Testimony will be received from Government witnesses.

For further information, interested persons may contact Diane Sanger or Neil Levin of my staff at 224-6542.

ADDITIONAL STATEMENTS

A TRIBUTE TO HADASSAH

● Mr. PELL. Mr. President, the 70th anniversary of Hadassah, the Women's Zionist Organization of America, is being commemorated today in a ceremony at the White House. I would like to share in this celebration by extending my congratulations to the members of Hadassah who have dedicated their time and energy to the education and health of countless thousands of individuals at home and abroad.

Hadassah was founded in New York on February 24, 1912, by Henrietta Szold, the eldest daughter of a Hungarian-born rabbi and his wife. Miss Szold was well known in the American Jewish community as an educator, journalist, editor and active Zionist. In the 1890's she helped to organize a Zionist society in Baltimore and later, after moving to New York, she became actively involved in a women's Zionist study circle.

In 1909 Miss Szold visited Palestine and saw, firsthand, the appalling health conditions under which the people lived. She formed Hadassah to try to alleviate their plight and to continue her lifelong tradition of Jewish education. Thus, Hadassah was established to foster Zionist ideals through education in the United States and to begin public health nursing, and eventually training of nurses, in Palestine.

In the last 70 years Hadassah has built an impressive record of humanitarian service. Its first project, in 1913, was to send two American-trained nurses to Palestine to set up a small welfare station in Jerusalem for maternity care and the treatment of trachoma, an eye disease which at that time was the scourge of the Middle East. With the outbreak of World War I, Hadassah, in cooperation with other organizations, dispatched and maintained a unit of doctors, nurses, dentists, and sanitarians in Palestine. In 1918 the first nurses' training school in Palestine, the Henrietta Szold School of Nursing, was opened in Jerusalem. A year later, the School Hygiene Department of Hadassah was organized and began systematic examinations of children. These were the first in a long line of projects which eventually led to the creation of a widespread system of preventive medicine. Today, Hadassah helps to finance two large teaching and research hospitals as well as several clinics. The Hadassah-Hebrew Medical Center in Jerusalem is world renowned, and its facilities are available to all peoples of the Middle East regardless of race, religion, or nationality.

Over the years Hadassah has played a vital role in the education and care of youth in Israel and the United States. In the interwar period, Hadassah organized school lunch and recreation programs in Palestine. Hadassah is responsible for the founding of vocational schools in rural and urban areas of Israel as well as the establishment of the Hadassah Community College and the first medical school in Israel. In 1934 Henrietta Szold became the first director in Palestine of Youth Aliyah, a movement organized to rescue and transfer Jewish children from Europe for resettlement, maintenance and education in Palestine. Well over 100,000 Jewish youth have been assisted through this movement which remains one of the primary projects of Hadassah. In the United States Hadassah works closely with other Zionist youth groups and devotes a great deal of effort to the education of young American Jewish women through the Young Women's Zionist Organization of America.

Currently, Hadassah, which has 374,000 members in all 50 States and Puerto Rico, is the largest women's volunteer organization in the United States. Through the effort of these dedicated women, the peoples of the United States and Israel have been brought closer together, and the lives of many individuals have been made happier and healthier. The humanitarian spirit reflected in Hadassah and its legacy is an inspiration to us all.●

HADASSAH

● Mr. D'AMATO. Mr. President I rise today to note the many accomplishments and philanthropic works of the largest women's organization in the United States—Hadassah.

During 1982, Hadassah celebrates its 70th anniversary, 70 years of dedicated efforts to create a better society and a better way of life. The commitment of Henrietta Szold, founder of Hadassah, has served as an inspiration to the more than 370,000 Americans who are members of this worthwhile organization. Through educational activities undertaken in both the United States and Israel, these dedicated women have helped to strengthen the bond of friendship between our two nations.

Those associated with Hadassah frequently serve as leaders in their communities, involved in youth activities, Jewish education, and American and Zionist affairs. In addition, Hadassah has also been responsibile for promoting improved medical care, teaching, and research. Among its many accomplishments, Hadassah has been instrumental in developing nurse training programs in Israel, as well as a system of public health and welfare. Through the establishment of such institutions as the Hadassah University Hospital, the Henrietta Szold-Hadassah School of Nursing and more than a dozen specialized centers, Hadassah has made impressive progress in improving public health care.

I commend the dedication and tireless efforts exhibited by the women of Hadassah and encourage them to continue their work in the spirit of voluntarism.●

HADASSAH'S 70TH ANNIVERSARY

● Mr. HATCH. Mr. President, on February 3 I submitted a Senate concurrent resolution, Senate Concurrent Resolution 62, sponsored by myself and Mr. KENNEDY congratulating Hadassah, the Women's Zionist Organization of America, on its 70th anniversary. Today a ceremony is being held at the White House to commemorate Hadassah's outstanding humanitarian achievements, and I would like to take this opportunity to again comment on the work of this exemplary organization.

Many of my colleagues are familiar with the Hadassah-Hebrew University Medical Center in Israel, the largest medical complex in the Middle East, whose two campuses provide comprehensive medical treatment to over 40,000 inpatients and 500,000 outpatients each year—regardless of race, religion, or nationality. For the benefit of my colleagues I would like to mention just one example of the thousands of people who are being helped by the research and improved medical techniques that are developed at the center. In February of this year 10 children with Down's syndrome underwent plastic surgery at the center in order to improve their physical appearance and general sense of well-being. The surgical team that performed the surgery lessened the protruding tongue, thereby facilitating improve speech, raised the nose bridge, altered the lid axis and raised the drooping eyelids of the young Israeli patients. The center will conduct a followup study to determine the extent to which these physical changes improve the social and mental development of the children.

In addition to their fine work in providing health care to thousands of people each year, the 370,000 members of Hadassah are active in a number of other fields. Today I would like to

commend the members of the Women's Zionist Organization of America for their efforts to alleviate the plight of Soviet, Syrian, and Ethiopian Jews, their contributions to Youth Aliyah—the child rescue and rehabilition movement which has provided care and training for some 185,000 youngsters since it was founded in 1934—and to the Jewish National Fund. As the largest single contributor to the Jewish National Fund, Hadassah has supported the reclamation of tens of thousands of acres for farming and industrial sites. Hadassah maintains a number of educational institutions in Israel, including a high school, community college and vocational guidance institute, as well as a medical school and schools of nursing, dentistry, pharmacy, and occupational therapy.

Not to be overlooked is the commitment of the Women's Zionist Organization of America to the preservation of Israel and to a just and lasting peace in the Middle East. Toward this end Hadassah provides factual information to the American people concerning Israel and functions as an accredited observer to the U.S. mission to the United Nations, in its capacity as a nongovernmental organization of the U.N.

Mr. President, I wish to once again congratulate the members of Hadassah on 70 years of outstanding service and commend them for their efforts toward fostering goodwill between the United States and Israel.●

SENATOR BOREN GAINS CLOUT ON ECONOMICS

● Mr. PRYOR. Mr. President, the Wall Street Journal on May 20 featured our friend and distinguished colleague, Senator DAVID BOREN of Oklahoma, in an article entitled "Senator Boren Gains Clout on Economics."

Senator BOREN's full grasp of economic issues may come as news to many readers, Mr. President, but to me and to my colleagues in the Senate this is nothing new at all. We have long been impressed with Senator DAVID BOREN, with his responsibility, sense of duty, and understanding of the issues that face us today. We have also been impressed with his warmth and wit. As one person in this story comments: "He may be the most popular guy in this place."

I ask that this article from the Journal be printed in the RECORD.

The article follows:

SENATOR BOREN GAINS CLOUT ON ECONOMICS

(By Albert R. Hunt)

WASHINGTON.—When a tough budget vote comes up in the Senate this week, Republican leader Howard Baker may be tempted to look across the aisle for help from a pudgy, pleasant-faced young Democrat.

That's because Senator David Boren of Oklahoma provided important aid to the Republicans during critical economic battles last year. He was the Senate's most active Democratic supporter of the Republican tax cuts and often joined with other conservative Democrats to support spending cuts. A year ago some Republicans even thought the first-term Senator might be ready to switch parties.

Today, however, Republicans no longer think David Boren may become one of them. Howard Baker isn't counting on assistance from him, either. For Mr. Boren, a member of the Senate Finance Committee, has become an important behind-the-scenes force in fashioning Democratic alternatives to the Reagan administration's tax and spending policies.

He was a leading figure on the party's 18-member task force that recently devised an alternative to the Reagan economic plans. In fact, he was the chief writer of a letter that Senate Democrats sent to the President, outlining their ideas.

Sen. Boren remains one of the Senate's more conservative Democrats. But he is putting some distance between himself and Republicans and taking a different view of his party responsibility. "I decided I shouldn't be standing just as a critic. I wanted to contribute to the dialogue in our party," he says.

The Oklahoma Democrat's vote is unlikely to decide the outcome of many economic issues, but his attitudes are significant because he has been a rather accurate political weathervane and because he is increasingly influential within the Senate.

"Dave Boren has very good relations on both sides of the aisle," says conservative Republican Sen. Alan Simpson of Wyoming. Liberal Democrat Bill Bradley of New Jersey says, "Dave is a very bright guy who wants to and is going to play an important part in shaping the alternative" to Reaganomics. Other Senate observers consider Sens. Boren and Bradley the two most knowledgeable young members of the Finance Committee in a long while, with the potential for decisive roles in major legislative struggles for years to come.

POPULIST STREAK

Until recently, Mr. Boren used his clout for very conservative ends. Back in 1978, while governor of Oklahoma, he was the first important Democrat to endorse the Republicans' Kemp-Roth proposal for deep tax cuts. Last year he sided with the Republicans on that plan, on indexing tax rates for inflation and on most other tax and spending measures. Last spring, top Republicans began imploring him to switch parties.

Mr. Boren, the son of a Democratic Congressman, admits he was disillusioned with his party. "We abandoned too many constituencies—the farmer, the small businessman, the believer in fiscal responsibility." But Dave Boren, who as a tot used to play hide-and-seek with his Dad's close friend, House Speaker Sam Rayburn, says he "never really considered leaving the Democratic party."

Moreover, despite his conservative instincts and those of his farming and small business constituents, Sen. Boren has a populist streak; nothing brings this out more than high interest rates. Some months ago he took to the Senate floor every day for more than 100 days to rail against high interest rates. The chief culprit, in the Oklahoman's mind, is the burgeoning budget deficit.

Thus the one-time champion of the Kemp-Roth tax cut now says the tax reduction enacted in 1981 "has proven to be excessive." He wants to defer both the third year of the individual income-tax cut and the indexing of tax rates that is scheduled to start in 1985.

THE FAIRNESS TEST

Meanwhile, Sen. Boren has been taking on more party responsibilities. Along with top Senate staff members, he wrote the Senate Democrats' March letter proposing alternatives to the Reagan program. Later he went back home to test market the main ingredients—deferring indexing and the 1983 tax cut, scaling down the increase in defense spending and, following a more moderate monetary policy. He reported that these went over well in conservative Oklahoma.

As head of the Senate Democrats' "themes committee," Mr. Boren was one of the architects of a party decision to focus on a "fairness test" in evaluating the GOP's program. "One of the few things most Democrats would agree on was their constituents thought the Reagan program was unfair," says a Democratic Senate strategist.

Sen. Boren has also sought accords on specific proposals. "I've told Ted Kennedy, 'Instead of you attacking independent oil companies and me attacking lobsters, let's find a way to agree on both.'" Sen. Boren argues. "Maybe we can recreate that old Austin-Boston axis (the 1950s and the 1960s alliance between some Massachusetts and Texas lawmakers) in these tough times."

Sen. Boren says he is willing to support "some targeted programs to aid regions and people in serious need" if an alliance on matters such as better treatment for smaller oil concerns can be worked out with his liberal colleagues. And he has good relations with such liberals as Sen. Bradley, Massachusetts Sen. Paul Tsongas and even Sen. Kennedy.

But since Sen. Boren, is far more conservative than many of his liberal colleagues, any unity may prove to be paper-thin when Senate Democrats some day turn from opposing Reagan programs to offering initiatives of their own.

Even so, Sen. Boren, a hard-working former Rhodes scholar, is likely to be a legislative force. He enjoys the legislative process and also is a genuinely nice man. His office employs more interns than almost any other Senate office, and Sen. Boren takes each one to sit with him on the Senate floor at least once.

Earlier this year, to thank them for their work, he took the employes of the Senate Democratic cloakroom to dinner. And he was one of the very few Senators the Capitol's subway operators invited to their Christmas party last year. "He may be the most popular guy in this place," says a Senate staffer.●

LIMITING THE POWER OF THE FEDERAL COURTS

● Mr. GOLDWATER. Mr. President, one of the consistent principles of conservatism is recognizing the separate-but-equal branches of our government. Indeed, from the very beginning of our system, the Founding Fathers showed the deep concern that one of the branches—legislative, executive or judicial—should ever attain dominance over either of the other two. This fundamental principle is at the very root of our free, democratic society. It is unfortunate that this line has been

breached many times and not because of constitutional fact. Too often, we have seen one branch of government try to usurp the duties and responsibilities of another branch. These aberrations occur because of displeasure over a stated policy or because of personality conflicts which prevent any meaningful dialog from taking place. While the ends toward which these people are working may be commendable, the larger fact is that the means by which they go about their task does serious harm to our Constitution and the principles it is based upon.

The reason that we are all here today is that we campaigned, elected and took an oath to uphold the Constitution. Yet, in a mood of displeasure over a ruling of the Supreme Court, this body has over-stepped the separation-of-powers line and violated the very principles we are sworn to uphold.

Mr. President, there may be some decisions of the Supreme Court that I may not like, nevertheless, I cannot accept the idea that we must upset the balance to voice our displeasure.

In this regard, Mr. President, the Bar Association of Maricopa County, Ariz. recently passed a resolution opposing legislation limiting the power of jurisdiction of the Federal Courts.

Mr. President, I ask that this resolution be entered in full in the RECORD.

The resolution follows:

RESOLUTION

The Board of Directors of the Maricopa County Bar Association, representing in excess of 2,500 lawyers in Arizona, having considered the matter in special session, passed a unanimous resolution to

Oppose any congressional legislation limiting the power or jurisdiction of the Federal Courts to act in areas of constitutional interpretation.

This resolution, though passed because of pending legislation, is also intended to extend to future legislation.●

CHAMPUS

● Mr. INOUYE. Mr. President, the Wall Street Journal of May 4, 1982, carried an article by Mr. Burt Schorr entitled "Insurers Stop Paying for Some Treatment by Psychiatrists Amid Doubts About Need." I was most pleased to review Mr. Schorr's article, as it indicates the extent to which the mental health community is able to utilize the peer review mechanism as a cost-effective means of insuring high-quality care.

I was especially pleased to learn of this evolution, as it was the Department of Defense CHAMPUS program that initially spurred both the American Psychological Association and the American Psychiatric Association to create their peer review programs in 1977.

I think it is important for every one of us to be aware of the extent to which the Department of Defense CHAMPUS program has, for a number of years now, been in the forefront of developing highly innovative mental health policies and, accordingly, I was most pleased to note Mr. Schorr's recognition of CHAMPUS' role in this most important endeavor.

I am confident that we can continue to expect such progressive leadership from our CHAMPUS program in the future, as we continue to grapple with the ever-escalating costs of health care.

Mr. President, I request that Mr. Schorr's article be printed in the RECORD.

The article follows:

INSURERS STOP PAYING FOR SOME TREATMENT BY PSYCHIATRISTS AMID DOUBTS ABOUT NEED

(By Burt Schorr)

Insurance companies are invoking peer pressure to reduce payments for psychiatric treatment that may be unnecessary.

They suspect that many health-plan beneficiaries are going to psyciatrists for intensive therapy when less expensive treatment, such as talks with a counselor, would be just as effective. Insurers are also concerned by cases involving long-term care that has ceased to produce significant benefits.

But deciding whether to stop or reduce payments is difficult for insurers. "Psychiatry, at this point, is as much an art as a valid science based on sound medical principles," says Dr. William Guillette, medical director of Aetna Life & Casualty Co.

To help insurers evaluate whether the treatment they're paying for is necessary, professional organizations of psychiatrists and psychologists have formed peer-review panels. For Aetna, the first private insurer to use the panels, the program is paying off. Dr. Guillette says Aetna may save 3 percent of the $250 million a year it spends for mental-health care. So far Aetna has submitted 400 cases for review. In some, therapists terminated treatment when they saw the review comments; in others, reviewers recommended termination.

In one such case, a woman in her early 30s had been seeing a psychiatrist in a Southern city twice a week for three years. According to the psychiatrist, the woman was suffering from "anxiety neurosis" caused by "marital disharmony." He told Aetna the treatment would have to continue for an "undetermined period" because of "variable etiological factors."

Aetna, which had paid more than $9,000 for its 50 percent share of the woman's treatment, suspected that she needed only limited marriage counseling, which wasn't covered by her insurance. But when Aetna sought more information, the psychiatrist refused the request on grounds of patient confidentiality.

Aetna's Dr. Guillette turned the case records over to three psychiatrists chosen from more than 460 American Psychiatric Association members who have signed up to review cases. All three agreed in separate reports that, based on the available information, the insurance payments should be stopped fairly promptly. Dr. Guillette sent the findings to the therapist, along with an offer to continue payments for 30 more therapy sessions, to be followed by a second review. Aetna didn't receive any further bills for the woman's treatment.

STOPPING TREATMENT

Indeed, in the first 100 cases Aetna submitted for review, more than a third of the psychiatrists being scrutinized decided to end their patients' treatment once they saw the peer comments. Aetna's participation in the American Psychological Association's smaller peer-review program has produced similar results, Dr. Guillette says.

The 27,000-member American Psychiatric Association created its peer-review program because of increasing skepticism by insurers about the cost and efficacy of psychiatric care. Following Aetna's lead, eight other insurers, including Metropolitan Life Insurance Co., Mutual of Omaha and Connecticut General Life Insurance Co., have signed up to use the program in the last 16 months.

One problem in evaluating therapy claims is that there isn't any way to determine which therapy works best with a specific mental illness. Dr. Morris Parloff, a National Institute of Mental Health psychiatrist, is organizing a large-scale experiment for comparing treatments of depression. But Jerome Frank, professor emeritus of psychiatry at Johns Hopkins School of Medicine in Baltimore, says that attempting to assess the 200 types of therapy being used "in many ways is equivalent to attempting to determine the relative merits of Cole Porter and Richard Rodgers."

Dr. John McGrath, a member of the psychiatric association board, has similar doubts about the ability of reviewers to judge treatment methods, even though he has reviewed more than 70 cases under the peer-review program. "For an active and productive patient who is clinically depressed, a Manhattan psychiatrist might choose a talking therapy, while one in a rural area of Oklahoma might prefer to use drug therapy." he observes.

The inability to measure what they are paying for is one reason employers and health insurers tend to be much less generous with health-plan coverage for mental illness than for other types of medical care.

A 1980 sampling by the Health Insurance Association of America of employer health plans covering 19.6 million beneficiaries found that 40 percent of those covered were limited to $1,500 a year in psychiatric office visits—far less than for other health problems. Only some 10 percent could expect reimbursement for outpatient psychiatric services at the same 80 percent rate generally paid for medical office care.

"Insurers look at psychiatric treatment as open-ended and that scares them," says a spokesman for the Washington-based insurance association. "If you have cancer, they'll pay you, but usually you'll either be dead in two years or on your way to being cured. Psychiatry can go on for 10 or 15 years."

In the Washington, D.C. area, where therapists abound, Blue Cross-Blue Shield in 1980 and 1981 cut back the psychiatric coverage that it offers federal employes. The associations of psychiatrists and psychologists are challenging the reductions in federal court.

It was a similar threat by managers of the Defense Department's health program for military dependents and retirees, known as Champus, that spurred the psychiatric association to create its peer-review program in 1977—despite strong objections from many members who feared it would breach patient confidentially. Champus was considering cutbacks because of criticism from the General Accounting Office and Congress for paying the bills of marriage counselors and others whose services didn't really qualify as treatment for mental illness.

Champus eventually agreed to use peer review rather than reduce coverage. By getting the opinions of APA psychiatrists on nearly 300 cases a month, it is saving several million dollars a year on the nearly $100 million it pays for treatment of mental illness, spokeswoman says.

SENTINEL EFFECT

More intangibly, peer review is having a "sentinel effect" by getting psychiatrists and psycholgists to be more stringent in managing their patients' cases, says Dr. Henry Altman, head of the psychiatric association's peer-review committee.

In the majority of APA-reviewed cases, however, the reviewers recommend that treatment be continued. One such case involves a depressed woman in a Middle Atlantic state whose psychiatrist has been seeing her four times a week since early 1980. The therapist believes that his patient, who is in her mid-40s, had been prevented by her dominant, interfering mother from developing a sense of autonomy. This produced a fear of criticism and rejection that ultimately caused the woman to separate from her husband, he reported.

Evidence of the woman's emotional problems could be seen in her medical history. In addition to seven years of previous psychiatric care that began in her teen years, she had suffered for 15 years from stomach and intestinal problems that seemed related to her mental condition.

But the physical symptoms had abated considerably during the latest treatment period, which the reviewers all took as evidence that the psychoanalytically oriented treatment was helping her. They agreed that the method of treatment and its frequency were warranted.●

IS THE PEOPLE'S REPUBLIC OF CHINA A FRIENDLY COUNTRY?

● Mr. HELMS. Mr. President, in my capacity as chairman of the Committee on Agriculture, Nutrition, and Forestry, I recently presided over a hearing called to consider a legislative proposal to designate the People's Republic of China as a country friendly to the United States—a questionable proposal at best. Such a designation would have the result of making Communist China eligible for concessional sales agreements and food donations under Public Law 480.

In my judgment Mr. President, there is no merit to this proposal. But, as chairman of the Senate Agriculture Committee and as a Senator, I wanted both sides to be heard—the State Department came to tell the committee just how friendly Communist China really is to the United States. Theirs was a very weak case.

It appears that the only real area of mutual interest between the United States and Communist China is a shared concern over Soviet expansionism—for different reasons. Beyond that and our desire for expanded trade, the United States and Red China have little in common, particularly in the area of human rights.

But, the State Department is so desirous of cultivating a good relationship with Communist China, that its spokesman described the political and social conditions there as being much improved over conditions of just a few years ago. He went so far as to describe Communist China as something other than a dictatorship, and asserted that Communist "China does not identify itself as the leader of a world Communist movement, and its does not profess such a goal."

Then, Mr. President, there was another witness who appeared at the hearing on May 3, the distinguished Dr. Ray S. Cline, senior associate, Georgetown Center for Strategic and International Affairs. His testimony on relations between the United States and Communist China is most enlightening, and worthy of careful review by everyone who is interested in the topic of United States-Communist China relations.

Mr. President, I ask that a transcript of Dr. Cline's testimony, including an article included in the testimony, be printed in the RECORD.

The testimony follows:

STATEMENT OF DR. RAY S. CLINE, SENIOR ASSOCIATE, GEORGETOWN CENTER FOR STRATEGIC AND INTERNATIONAL AFFAIRS

Dr. CLINE. I was delighted that I got here in time to hear my former colleague from the State Department exhibit such diplomatic dexterity in suggesting that the Government of the People's Republic of China was not a dictatorship.

The CHAIRMAN. I gave him every opportunity to amend that.

Dr. CLINE. I think actually, the members of the Communist Party would be rather insulted by that, because of course, it is a cardinal principle of any Communist party that establishing a dictatorship of the proletariat is the reason they are in business. So I was fascinated to discover the State Department has somehow conveyed to the government of Peking a special status that they do not themselves claim, I am quite sure.

As I understand it, Senator, the proposal before you is, to remove from the present prohibited list of the People's Republic of China so that it would be eligible for agricultural assistance under the Public Law 480 law. It really baffles me as to why this proposal is being made. There are so many needy small nations with developing enterprise systems in agriculture, as well as in other parts of their economy, that would benefit a great deal from a relatively small amount of help, whereas the direction of your questioning already this morning had indicated the magnitude of the problem of agriculture in Communist China. Why we want to extend economic aid to a badly mismanaged, centrally planned Chinese economy on the mainland is hard for me to see.

I concluded from my studies that the People's Republic of China (PRC) is a dictatorship, built on the traditional Soviet model. The so-called progress, which was mentioned by a couple of previous witnesses, are minimal retreats from some of the wilder fantasies of Mao Tse-tung in 1966. Of course, if you take 1966 as a base, it is impossible to conceive of anybody running a country as badly as China was run during the cultural revolution, which began in that year. So you can say that there have been improvements. And of course, we want to encourage such improvements. But to argue that already we are dealing with a country which is "friendly" in the normal sense of the term, or run along lines which we would like to encourage with economic assistance, is pure fantasy, as far as I am concerned. That is the basic comment I would like to make this morning.

The PRC economy is still virtually an incentiveless system. It is totalitarian. It subordinates all people, all purposes, every economic activity, to arbitrary political control. The "private plots" that are allowed to be used by peasants are not examples of progress toward more freedom in China. They are exactly the same kind of very tiny private plots that are allowed to be used in the Soviet Union by the Soviet peasants. This is part of the Communist system. They do not own the land. It can be taken away from them; their right to use it can be taken away from them at any time. It has been, several times, in both Russia and China. So I do think it is a little bit misleading to suggest that somehow, this emphasis on "private plots" is moving toward a free enterprise or progressive or democratic system.

Heaven knows, the Chinese people need help, and I am very sympathetic with them, and I think we should try to help them, but not in ways which will perpetuate their enslavement in an economic system and a political system that simply does not work. It does not work anywhere in the Communist world, and it works probably worse in Communist China than in any other country.

So If we think of Public Law 480 aid as helping a country move along a path that makes sense for it, I should think we should extend that help at the point where the Communist Party of China is frankly admitting the bankruptcy of its economic policies and moving toward a more open society and free enterprise system. I do not think anybody can honestly say that is happening today, and in fact, in the past year, many of the steps which were considered possibly openings toward a looser society, a freer society, have been cancelled, and the direction is in the contrary, toward tighter control. More than that, the relationship with the United States which was always, in my view, one of opportunism and expediency, a very narrow common strategic interest, is now beset with quite a few very serious turbulences, complications, difficulties, caused by the regime in Peking. So it is stretching it a bit in my view to call it friendly, while it is certainly stretching it a long way to call it nondictatorial.

Even if we provided the kind of aid that you were speaking of, say, $50 million a year or something of that sort, it is very questionable to me that such a humanitarian gesture would result in any major improvement in the agricultural economy, and I question very much whether it would even filter through the Communist Party bureaucracy to reach the 800 million people living at subsistence level. My figures are that there are 39 million members of the Communist Party, a little less than the 50 million that Assistant Secretary Shoesmith has mentioned, but that is a pretty big bureaucracy, and they do control the system. I do not know how many non-Communists get into the universites—certainly not very many—but I assure you that very few of them get into the bureaucracy and control anything.

So, despite 30 years of Communist promises and rather extravagent claims—which are often credited in this country, almost as if they were real, because we have a kind of romantic feeling about China, which I tend to share, the economy is still a failure. I

would like to see China be a great success, because in its past, it had a great civilization as a base, and we see in the Island of Taiwan and in Singapore and Hong Kong, a British colony, that the Chinese people under a free enterprise system perform miracles. They are absolutely marvelous in developing the standards of living of their people in these particular areas, especially the Republic of China on Taiwan, which has 18 million Chinese citizens. In Taiwan they have approached a political society which is indeed moving very much toward elections, toward free advocacy of ideas, as well as toward a private enterprise economy. Within the confines of the martial law which they must maintain, because of the continuing danger of Chinese Communist attack on Taiwan, I think we have a relatively open society in a Chinese system. That is what I would like to see on the mainland. And I think that if you are going to give aid to the People's Republic of China, we should do it when we have some reason, some quid pro quo benefit to expect, with respect to Chinese mainland movement toward the evolution which we have seen take place in the Republic of China on Taiwan.

We have in Taiwan a laboratory example of a developing system that has thoroughly Chinese cultural values but has opened up to the free enterprise concepts of the Western world. Its agriculture, as you know, is a marvel of ingenuity and technology. When the People's Republic of China moves in that direction, I am for helping them a great deal. At the moment, they are certainly not moving in that direction.

I wanted to add a few additional thoughts. The model of agriculture and economics that is being followed on the mainland has been a failure in every part of Asia, as well as a relative failure in the Soviet Union which has difficulty feeding its people. Today we have the remarkable phenomenon of the United States mainly supplying the surplus which makes it possible to feed both Communist China and Communist Russia. If our grain were not available, their rations would be very thin. There may be reasons to do that, but as I say, I think we ought to be trying to persuade people who receive our largesse in this way to move in a direction which will create an international environment that we can live with and trade with and see as a comfortable situation for all the nations around who want peace and stability. I do not believe that is true of either the Soviet Union or the People's Republic of China today.

Therefore, I would say that removing the PRC from the prohibited list under the P.L. 480 Act is a signal that is being sent at the wrong time. It is simply the wrong signal to send in our relations with the PRC at this juncture.

Let me give you a few more reasons, because in addition to the economic and structural problems, I understand that the law, Public Law 480, requires that agricultural assistance go to friendly countries not dominated or controlled by any world Communist movement. Well, you may indeed argue that the People's Republic of China is a very unsuccessful world Communist movement. It has tried to expand into Asia, into Africa, into Latin America, and has had comparatively little success, at least compared to the Soviet Union, which has run petty wild in these areas. But the PRC is actively in competition with the Soviet Union for influence in every part of the so-called Third World, and it is in competition by trying to establish Communist parties loyal to Peking which will encourage revolutionary activity against the established governments, trying to overthrow such governments, and to encourage guerrilla warfare and terrorist activities to destabilize the regions. Now, the limited power that Chinese Communists have to communize the developing nations is not in my mind a reason for sayng that they are not a world Communist movement. They have tried very hard, they are continuing to try, and to the extent that we give them economic aid, which relieves them of burdens that they could use for military or political conspiratorial purposes, I think we could indeed be assisting a world Communist movement, the People's Republic of China.

I must say again, I doubt that the Communist regime in Peking would deny that it is a world Communist movement. I think they would be a little insulted if we told them they were a third-rate local Communist outfit. They consider themselves, in classical Chinese style, the central kingdom, the center of the world, and they see their model, the model of Communism, based on Mao Tse-tung's though as the flag around which all countries will eventually rally, just as the Soviet Union considers the Leninist model the one.

So both of those countries are one-party Communist dictatorships and bureaucracies, competitors for leadership of the world communist movement. I really think it is ridiculous to say anything less.

Now, I consider that Peking can be demonstrated not very friendly to us in another very practical way, just from the current diplomatic situation, which the State Department did not seem to bring up in their testimony. Peking is now constantly, in the past year, threatening to downgrade diplomatic relationships with the United States unless Washington agrees to cut off Taiwan's access to all military weapons, even including the spare parts of the weapons which we have provided them in the past. The object is plainly stated, to force Taiwan's 18 million unwilling Chinese citizens who want to remain non-Communist because they are living in a prosperous and relatively open society to become a subordinate political entity under the government of Communist China.

The pressure is very severe on our government to force Taiwan to return to the mainland, which means returning to the embrace, not necessarily very tender, of the Communist Party of China and the government of the People's Republic of China. Now, we have, in the postwar period, Mr. Chairman, tolerated the movement of a number of large areas and large groups of people into the block or association of Communist states, most of them dominated by the Soviet Union, a fact which we generally deplore. I am not aware that we have ever forced any group of 18 million people against their will to become part of a Communist state, and I do believe that that is the requirement which Peking is putting on us in demanding that we stop military aid to Taiwan despite the provisions of the Taiwan Relations Act of 1979, passed by the Congress, assuring the security of the Chinese people on the Island of Taiwan.

In addition to being remarkably intransigent over this matter of our relations with Taiwan, which we perpetually continue to discuss in Peking, as if our policy toward Taiwan should be determined in Peking rather than in Washington, the government in Peking has been giving us a hard time in other respects. They have criticized American moves to resist Soviet and Cuban revolutionary adventurism in the Caribbean; they have protested our efforts to stabilize El Salvador; they have denounced our position on the Falkland Islands issue just a few days ago; they refused to condemn Poland's one-party military dictatorship under Jaruzelski. We sent a mission, as I understand it, from the State Department to ask Peking to join us in condemning the Polish repression, and instead, the idea was rejected, and the People's Republic of China sent a substantial amount of food aid to the government of Poland under General Jaruzelski. The U.S. government was urging everybody to boycott the Jaruzelski government. Are we proposing to send food to Communist China, which might then be trans-shipped to Poland today?

I think that the timing of this particular proposal is remarkably poor in the light of Peking's new hostility toward our goals in world affairs.

Now, it is true that we have a certain common interest with Communist China. It is a single interest, in my view. We both do not like to see the Soviet Union get stronger. It is a coincidence in many ways that we have that common interest. The reason it has been so prominent in Chinese statements recently is that they are frightened of the Soviet Union, which is on their border. That does not, in my view, equate to mutual friendship. Insofar as the Chinese Communists help us in restraining Soviet expansion, of course, they are on our side with respect to the Soviet Union. But as I have just indicated, they do not seem to be on our side with respect to much else. I promise you, on the basis of all historical evidence, that these kinds of single-interest relationships do not make two countries become friends when they have totally different social, economic, political systems and sharply divergent regional objectives, as ours are in contrast with the People's Republic of China.

I would like to make a couple of additional points, if I am not going on too long, Mr. Chairman.

The CHAIRMAN. You go right ahead.

Dr. CLINE. I think it is a myth perpetrated by the Administration of President Carter and inexplicably continued into this period by the proponents of the 1978 tilt toward Peking, that PRC top officials are or even claim to be basically friendly toward the United States. The Chinese Communist Party runs China; the formal governmental constitution, which is now being revised, means almost nothing. The Communist Party constitution that establishes the goals of the PRC has a provision in it, passed fairly recently, August 18, 1977—four days before the arrival of our Secretary of State to carry the word that we wanted to be friendly with China—and that provision in the constitution is: the Communist Party "unites with the proletariat, the oppressed people and nations of the whole world and fights shoulder-to-shoulder with them to oppose the hegemonism of the two superpowers, the Soviet Union and the United States, to overthrow imperialism, modern revisionism, and all reaction." We, of course, qualify under both imperialism and reaction, in Chinese Communist thinking.

Prior to the adoption of this constitution, the then number-one leader and Prime Minister, Hua Kuo-feng, explained to his Party friends that the United States, which was being cultivated to protect China from the Soviet Union, was the less dangerous of the

PRC's two enemies. He said, quote, "The Soviet Union and the United States are the source of a new world war, and Soviet social imperialism in particular presents the greater danger." Then, quoting Lenin, he continued, quote, "The more powerful enemy can be vanquished by taking advantage of every, even the smallest, opportunity of gaining a mass ally, even though this ally be temporary, vacillating, unstable, unreliable and conditional."

I do not think that is a particular flattering chain of adjectives to be applied to the United States, but clearly, this was what he was explaining to his own Party. That the PRC considers itself a true or in any way reliable ally of the United States, simply because it fears the Soviet Union more, is to me a myth that ought not to have the credence in Washington that it does today.

There is a final point that I believe is very important, sir—and maybe I will have to refer to some of my own writings. I regret to do that, but I picked up papers rather hurriedly this morning.

The CHAIRMAN. Well, I would say that is an excellent source.

Dr. CLINE. Thank you, sir. I will submit this to your Committee, if I may, the whole article.

(The article referred to here was received for the record and follows the end of the text of Dr. Cline's testimony.)

Dr. CLINE. What I wanted to point out is that when we look at the backward situation in the People's Republic of China, in fact, in all of the Communist Asian states—North Korea, Vietnam, Kampuchea, Laos—where the standard of living is extremely low, with grinding poverty, great political oppression, and in Southeast Asia, fullscale warfare going on by proxy between China and the Soviet Union, we ought to compare that with a region in which we do have friendly and, I think, productive interests.

The phenomenal industrial development of Japan, South Korea and Taiwan and of the whole chain of West Pacific states, taking what the Chinese Communists used to call contemptuously, "the capitalist road", has been remarkable. The trade is extensive. There are genuine interconnections with the United States and with the other Pacific states. Long-range business commitments are being made, even with Europe. Multinational investments, bilateral trade and banking arrangements, and increasing contacts around the world are creating a growth of regional interdependence, as well as multiple links with the United States, that is increasing our strength and the strength of the free world in the West Pacific.

I think the Pacific community of ten nations, including particularly Japan and South Korea and Taiwan, the newly industrializing nations, is the area in which we ought to ensure absolutely friendly relationships, because that is an area of economic growth and prosperity within the international trading system and the free enterprise system which is strengthening our total worldwide position vis-a-vis the Soviet Union. For example, the standard of living per capita in Australia and Japan is almost as high as in the United States. Taiwan has a per capita income of $2,720—very high by Asian standards, and certainly curiously in contrast with the People's Republic of China, which after 30 years of developing a Communist system on the mainland, has a per capita income of less than $300 per year.

Since these goods and services are being produced in a system that we can link with, can identify with, I think it is very important for us to work with those nations and hold up their example to the bankrupt Communist systems on the mainland. The economy of Taiwan is the irrefutable demonstration that Chinese societies can forge ahead rapidly in economic development. It is a free enterprise system. It is a constant reproach to the PRC, as some Chinese Communists have had the courage to admit in recent years. There, the standards of living have not lifted much, if any, above the levels of 25 years ago.

Now, on behalf of the Republic of China on Taiwan, President Chiang Ching-Kuo, who has managed this economic miracle, has made clear that unification with the mainland is an objective of the Chinese people everywhere, but that it can come only when freer economic and political processes than now exist come into being in the PRC. President Chiang has welcomed the continuing security guarantees from the United States of the Taiwan Relations Act of 1979, and always says that in case of any war in the Pacific, Taiwan bases and facilities are available to U.S. military forces regardless of who the enemy may be. That is what I call real friendship!

I suggest that if the favorable trends in Taiwan and the rest of the Pacific community, particularly Japan and Australia, persist and grow, the balance of power will shift in a direction advantageous to the United States, and if our luck holds, we will see the Pacific Basin turn East Asia into a zone of stability beckoning to the Communist five nations on the mainland to turn gradually toward trade and a good relationship with these open societies.

Now, that is good news, and I think it would be shocking for us to signal to the People's Republic of China that the very limited moves that they have made to ameliorate some of the hardships of their very retrogressive economic and political system on the mainland have won our approval. I think they have not yet faced their basic problem, and they might, if we lead them in the right direction.

I do not know why the government in Peking is now distancing itself and behaving so cooly toward Washington, but it is. The past few months have seen a real harshness and an abrasiveness in our relationship, solely instigated by Peking. It probably is for interanal political reasons, some kind of competition between the different leaders to show how tough they are on capitalists in general.

In any case, the threatening of diplomatic reprisals against the United states is something that any self-respecting nation should not accept and particularly not accept with gestures of friendship and concessions of a positive and specific kind, like economic assistance. The attitude that Peking is now showing us is not friendly. As a matter of fact, their attitude is basically blackmail. They are trying to get us to help them do what they want in Asia, rather than being friendly toward the peace and stability which is our objective in the area.

Therefore, I hope we will wait until there is some sign that China can be reunited, as I think it will be some day, on the basis of the principles of a free, political and economic society, and that we should not in any way disturb the pressure on the society of the People's Republic to reform itself and move toward a model more generally in the interests of its own people.

Thank you very much.

The CHAIRMAN. Dr. Cline, of course, I agree with you, but I would think that even those who may not agree with you would have to acknowledge that you have given a scholarly and logicial statement, which I very much appreciate. And I am going to ask staff to get me a transcript of your remarks, because I think they ought to be circulated as quickly as may be possible to all Senators.

Dr. CLINE. Thank you very much, Senator. I would be delighted to help them put it together.

The CHAIRMAN. Well, it was just excellent, and I appreciate your coming. Now, let me ask you just a few quick questions, because you have been here all morning, as have we.

You are a student of China, and you have written extensively on matters of military strategy. Is the People's Republic of China a credible modern military power?

Dr. CLINE. My view, Mr. Chairman, is that China is not a credible modern military power. It is a military power along the lines of ancient oriental despotisms which have existed for a long time. It has a 4 million man army, mainly unable to move very far from its garrisions. The strength of China, any China in history, has always been that it is so big and has so many people, one billion people now, that no government in its right mind would try to conquer all of China. I call the People's Republic of China "strategically indigestible", and that is a strength which will prevent the Soviet Union from attacking it. But it does not mean that the Chinese army is able to move against the Soviet Union, that it could assist us materially in any way except defending China if there were hostilities, nor that it is able to absorb the kind of technology which would make it a really valuable military ally.

The CHAIRMAN. I was disturbed to hear the semantics earlier this morning in purported refutation of the suggestion that the People's Republic of China is a dictatorship. I hope this does not mean that we have reached the point in our foreign policy such that we are no longer interested in a coalition in the Pacific Basin to deter Communist expansion.

Now, just for the record, what would you recommend, if you could push a button and your policy would be implemented; what would you suggest we do?

Dr. CLINE. Worldwide, Mr. Chairman, or in Asia?

The CHAIRMAN. I am talking about the Pacific Basin region.

Dr. CLINE. Yes, sir. I recommend that we take a positive, but not dominating role in encouraging the nations, non-Communist nations, all around the rim of the Pacific to develop a community spirit mainly for the purpose of exchanging economic goods and services, but also for consultation on the common security interests, so that we could reach the point in the Pacific, with American moral support and perhaps some economic support, that we reached in the Atlantic about 1948 or 1949, when we began talking seriously of an Atlantic community. Whether we want to go on to develop institutions and military cooperation is something that I would leave strictly to the Pacific states. I doubt that they really want to do that at this time. But they need the coherence that would come from having an informal, voluntary association or quasi-alliance, because they all are aiming at the same purpose. They do not fear the United States. They want us to back them up. They do not want us breathing down their necks. They do fear the Soviet Union. They fear the People's Republic of China. And I think

this is a magnificent opportunity for us to help develop a creative Pacific community, a coalescence of common interest that would go a long way toward tilting the balance of world power back to the free world and the free enterprise system, which these Asians are really keen on, and very good at, too. They can help us, perhaps, correct our overemphasis on the frozen military situation in Western Europe and see things in a genuine global perspective.

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The CHAIRMAN. What signal do you think this P.L. 480 proposal will send around the world, and particularly with respect to the Pacific Basin?

Dr. CLINE. I think it would signal that the United States is desperately weak in its capabilities to cope adequately with the expansionist power of the Soviet Union, so much so that we would Kow-tow, really make unrequited concessions to Communist China, simply because it is anti-Soviet. The world is full of anti-Soviet nations with many common interests with us. I have no wish to punish the People's Republic of China or reject any cooperation they want to give us in opposing the Soviet Union, but I see this signal as kind of a scraping up of some appeasement gesture too show that we really are counting on the People's Republic of China in a strategic way that I think is quite fantastic and will prove to be unrewarding.

The CHAIRMAN. Now, you heard the testimony this morning when I inquired about subversive activities. I should have broadened my question, I suppose. What about the Red Chinese activities in Africa and Latin America?

Dr. CLINE. Well, they have been very extensive in the past, Mr. Chairman. As in many other questions that you posed, what you got was the statement, over and over, that, "Well, things are not as bad as they used to be." And that is true. The Chinese Communists have run out of steam—run out of money is what they have run out of—and they have also run out of political unity in their own government, so that they cannot quite agree on how to conduct subversive and revolutionary activities in many countries. But they still have representatives, intelligence and propaganda representatives in almost every country in the world, and they are very active in some of the African countries, some of the Latin American countries. And of course, as was pointed out in the earlier testimony, they have an active program of broadcasting and moral support at a minimum for the Communist parties of Burma, Malaysia, Thailand. The decrease in the support is clearly an opportunistic gesture to try to ease relations with the governments which they are trying to overthrow, but it is not very persuasive to me. And it is necessary, I think, perhaps to remind ourselves, since our historical memory is so short in this country, that in 1965, I believe it was, the government of the People's Republic of Communist China staged a massive revolutionary effort in Indonesia, with the result very nearly of overthrowing that government and with a civil war ensuring in which several hundred thousand people were killed. It set back Indonesia in relations with Peking a long way, and they are still strained as a result. But that was a classic attempt to set up a Communist dictatorship by internal revolution supported by the PRC. I suppose also, we should remind ourselves that the People's Republic of China is not averse to military operations. They are often mentioned as being extremely peaceable, which they are, when they are not able to gain objectives by military means, but they did attack India in 1962, and they of course were the mainstay of the fighting in Korea in the early 1950s and they provided the initial incentive and most of the initial arms and a great deal of the logistic support, working with the Soviet Union—it supplied the heavy military equipment—to defeat American and South Vietnamese forces in Vietnam. Now, maybe their minds and attitudes have all changed since then, but I think we should at least be cautious in protecting the interests of the Asian states which we do have some common ties with, rather than assuming that the People's Republic of China has become benign in its relationship with us and our Pacific allies.

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The CHAIRMAN. I appreciate very much your coming here this morning. Thank you.

Text of Article by Ray S. Cline and Marjorie W. Cline, from The Journal of East Asian Affairs, vol. II, No. 1, spring/summer 1982.

[From the Journal of East Asian Affairs]

THE COMMUNIST FIVE AND THE CAPITALIST TEN SOCIO-ECONOMIC SYSTEMS IN ASIA

(By Ray S. Cline and Marjorie W. Cline)

I

The New Year, 1982, greets Asian peoples under Communist domination with bleak prospects for the better life they all yearn to have. The People's Republic of China (PRC), the Democratic People's Republic of Korea, the Socialist Republic of Vietnam, the People's Republic of Kampuchea, and the Laos People's Democratic Republic are five failures. These are nations unable to meet the demands of their populations for security and a decent standard of living.

For years the Asian people have subsisted on promises and propaganda about the benefits their societies would reap from one-party Communist dictatorships, centrally planned command economies, and subordination of personality and thought to the discipline of the state. The result of this incentiveless, over bureaucratized life has not been prosperity and peace but poverty and local wars. Gradually the hardships, uncertainties, and brutalities have sapped the energies and spirits of the people in every Communist country in Asia.

After three decades there is a crisis of confidence in the Leninist-Stalinist political model in the People's Republic of China, whose leaders proclaim Soviet imperialism (hegemonism) to be the greatest peril to peace and stability in the world. Perhaps life would seem bearable if a bright model existed elsewhere, but the dreary, over centralized, highly militarized Soviet Union holds out little hope for its Asian imitators. The faltering Soviet military occupation of Afghanistan in December 1979 and the political tragedy in Poland two years later brought more and more bad news about the prospects of the lands of the hammer and sickle.

The best hope for these unfortunate nations lies in U.S. strategic influence with its pluralist political traditions and its consumer-oriented free enterprise economic trading system reasserting itself in East Asia. It is astonishing that after the ignominious American defeat and withdrawal from Vietnam, even the Southeast Asians who suffered the most from U.S. failures would like to see the Americans active again, not domineering but involved to prevent domination by either the Soviet Union or the PRC.

The United States is widely perceived at the beginning of 1982 as exerting a stabilizing and civilizing force, bringing trade and prosperity, comporting itself in a comparatively benign way throughout East Asia. Even former enemies are disposed to welcome the American strategic presence and woo American help. This is very good news indeed and a comparatively recent development.

Something has happened in this part of the world in the six years since intervention by the United States in behalf of an independent non-Communist South Vietnam, and the humiliating abandonment of this goal. During this period the image of the United States has become a plus rather than a minus in international politics. The United States and its friends, the ten comparatively prosperous Asian-Pacific insular and pen-insular states stretching in a seven-thousand-mile belt from Japan to New Zealand, at present simply look like political and economic success stories in contrast with the poverty in and constant conflict between the five Communist East Asian states.

These fifteen nations are seldom thought of as forming two international clusters, developed during the turbulent and changeful years of the last three decades, yet they are interconnected in ways worth study.

The PRC is at loggerheads with the Soviet Union, and North Korea is frozen in mobilized military antagonism to the Republic of Korea in the South. Both Laos and Kampuchea are now under Hanoi's heavy military thumb, while Vietnam and the PRC fight a desultory war. The strategic dominoes, so scornfully dismissed as non-existent by liberal critics of the U.S. involvement in the Vietnam War, did in fact tumble in Laos and Cambodia. Thailand and Malaysia are apprehensive lest the fallout extend to their countryside where for decades Communist guerillas have been trying to overthrow the governments.

All in all it is a depressing scene with Southeast Asia in the worst situation. The North Vietnamese who occupied South Vietnam in 1975 brutalized the people there as the pitiful flight of the boat people amply demonstrated. They set up a puppet Communist government in Laos, strengthened by the Soviet Union, under Prince Souphanouvong and have succeeded in doing the same in Kampuchea under a Marxist-Leninist People's Revolutionary Party with Heng Samrin as head of state in Phnom Penh. About 35 million Vietnamese, Lao, and Khmer people who wanted nothing to do with the austere Communist military dictatorship in North Vietnam have been brought into a semicolonial status under Hanoi's occupation. Several million died in the process.

The result is not good from anybody's viewpoint. All of the Indochina peninsula is impoverished, hungry, and politically oppressed. The Chinese and Vietnamese who collaborated for 30 years to control this region and expel first the French and then the Americans have come to fighting each other, directly in organized battle on the Vietnam-China border in early 1979 as well as by proxy in Laos and Kampuchea all the time.

The colossal incompetence in managing the economies of all the Asian Communist countries and the debilitating ideological conflicts among them have sunk into the consciousness of most East Asians. They may not know what exactly is an ordinate or an inordinate fear of Communism, but

they know—as even the Chinese Communists admit—that the Leninist-Maoist system of militarized bureaucratic government set up from North Korea to Kampuchea has brought much suffering and little economic progress. In their eyes this political model is so far by its own record a failure.

The territory the Communist Five occupy is about four million square miles, most of it on the Chinese mainland. All of the states except land-locked Laos are on the Pacific shoreline of East Asia. One billion one hundred million people live in this region, over a billion of them Chinese, the whole population amounting to one-fourth of all mankind. Great expectations were raised by Communist revolutions in these countries, where half the population is under 30 years of age. All of the resulting regimes have turned in dismal performances in their efforts to improve standards of living. What was only a while ago heralded as the wave of the future is still a sluggish backwater and swamp.

The whole North Korean-China mainland-Indochina experience has caused their political leaderships to lust for technology, investment funds, and trade with the United States and the countries once scorned as decadent, obsolete capitalist societies. The U.S. political and social views are still categorically condemned, but the rapidly increasing material achievements throughout non-Communist Asia are envied.

Table 1.—GNP and per capita income of the Communist Five, 1980

[GNP—In billions of U.S. dollars]

Country:	
China (PRC)	274.0
Korea (North)	17.0
Vietnam	16.0
Laos	.3
Kampuchea	N/A

[Per capita income—In U.S. dollars]

Country:	
Korea (North)	950
Vietnam	290
China (PRC)	281
Laos	89
Kampuchea	N/A

Note.—Sources differ on per capita income in the PRC, and the figure cited here may be high. For instance, the Chinese themselves state that their 1979 per capita income was U.S. $253.

Source: *The Asia 1982 Yearbook* (Hongkong: Far Eastern Economic Review, 1982), pp. 8-9.

Vice Chairman of the Communist Party Deng Xiaoping himself, strong man of the PRC, testifies to the new conventional wisdom. He was purged twice (once in 1965 and again in 1976) for, according to his enemies, urging mainland China to take "the capitalist road" instead of the more ideological and egalitarian path of Mao Zedong. The term "capitalist road" is familiar throughout Asia as a result. Everyone cannot fail to note that Deng is pulling and hauling the PRC in an almost desperate effort to provide its one billion very poor citizens with pragmatic economic incentives to work. The present Premier Zhao Ziyang at the Fifth National People's Congress, held from November 30 to December 13, 1981 in Peking, rubber-stamped Deng's economic program and promised to carry it on with "firm faith in the socialist system." [1]

[1] Premier Zhao Ziyang's speech to the Fourth Session, Fifth National People's Congress, broadcast by Beijing Domestic Service in Mandarin, 2 December 1981, as reported by Foreign Broadcast Information Service (FBIS), 3 December 1981, Vol. I, No. 232, p. K2.

The Chinese goal is to expand trade with the United States and its relatively prosperous allies, and even to try to catch up with Taiwan, the Chinese society that has become a newly industrializing country with a high economic growth rate and a standard of living approximately ten times that of the PRC.

II

Asians know, in other words, what many Americans have not yet focused on, that the "capitalist road" nations of East Asia and the West Pacific are built on a model that works. They foreshadow the wave of the future for a meeting of East and West—not the failed Marxist-Leninist model emulated in Peking, Pyongyang, and Hanoi.

TABLE 2.—TRADE WITH THE UNITED STATES, 1980

[In millions of U.S. dollars]

Country	Exports	Imports	Total
China (PRC)	1,056.00	4,131.00	5,187.00
Vietnam	—	1.20	1.20
Laos	.91	.22	1.13
Korea (North)	—	—	—
Kampuchea	—	—	—
Total			5,189.33

Source: "Direction of Trade Statistics Yearbook, 1981" (Washington, D.C.: International Monetary Fund, 1981), Passim.

The good news, then, should be more widely understood in the United States. In the past five years a new spirit of confidence, greater political stability, and remarkably dynamic growth have developed in the belt of ten prosperous Asian-Pacific nations, once derided in Peking and now given the flattery of envy. Their expanding prosperity and trade make bright spots in this gloomy world.

The Pacific Ten are now sometimes described as an emerging Pacific Community. It is a useful term for Japan, South Korea, and Taiwan (the Northwest Pacific triangle); the Philippines, Indonesia, Singapore, Malaysia, and Thailand, the Association of Southeast Asian Nations (the ASEAN central arch); and Australia and New Zealand (the South Pacific anchor).

What suddenly is becoming obvious is that so many Asian nations are modernizing their societies successfully, each in a cordial association with the United States, while avoiding the disasters of their Communist neighbors and actually beginning to control and stabilize the conflicts that still threaten violence and war in East Asia.

The pattern is only now emerging. The Pacific Community of Ten, a very loose grouping of diverse peoples, is seldom thought of as a strategic unit. Nonetheless its existence is a valuable asset of the international trading world, with which the United States is now so interdependent. This world is a voluntary coalition of politically and economically pluralist societies that in the past thirty years have gradually formed an association of some kind with the United States in defense of the security and economic self-interest of the seafaring, preeminently trade-oriented nations that used to be called the free world.

Whatever may be the state of mind and morale elsewhere in this free world, the Pacific Community countries have an increasing consciousness of identity of strategic interest with one another and with the United States that seems not unlike the spirit of the Atlantic Community after the end of World War II—when there was no NATO, no European Economic Community, only a wish to rebuild European societies and avoid military domination or political intervention by the Soviet Union. Whether this spirit develops further or remains in its present nascent stage, it is a new and encouraging factor in world geopolitics.

This Pacific Ten collectively constitute a significant grouping of international power. Australia is a continent of almost 3 million square miles, thinly populated but endowed with enormous natural resources. It borders on the Indian Ocean as well as on the Pacific. All of the island states enclose or lie on large and strategically important seaways. Indonesia is an archipelago with three-quarters of a million square miles of land and an enormous domain of surrounding territorial waters. Even tiny Singapore borders on the gateway between the Indian and Pacific Oceans—the Strait of Malacca. The three peninsular countries, Thailand, Malaysia, and South Korea, are not small by European standards. The total territory encompassed in this vast ocean area of ten nations is considerably larger than either the United States or China—nearly four and one-half million square miles.

Table 3.—Territory and Population of the Pacific Ten

[Territory in square miles]

Country:	
Australia	2,970,000
Indonesia	736,000
Thailand	198,000
Japan	143,000
Malaysia	128,400
Philippines	116,000
New Zealand	103,736
South Korea	38,000
Taiwan	13,892
Singapore	225
Total	4,447,253

[Population in thousands]

Country:	
Indonesia [1]	149,400
Japan	117,800
Philippines	48,900
Thailand	48,600
South Korea	38,900
Taiwan	18,200
Australia	14,800
Malaysia	14,300
New Zealand	3,100
Singapore	2,400
Total	456,400

[1] It includes E. Timor and Irian Java.

Source: *The World Factbook, 1981* (Washington, D.C.: National Foreign Assessment Center, CIA, April 1981), *passim;* Information on Taiwan from *China Yearbook, 1980* (Taipei: China Publishing Co., 1980), p. 136; Population figures from *The Asia 1982 Yearbook, op. cit.*, pp. 8-9.

In terms of population Indonesia ia a very large state, the fifth greatest in the world at about 150 million. Japan has the seventh largest population in the world, about 118 million. Thailand, the Philippines, and South Korea are all among the 20 most populous nations. All together the Pacific Ten as of 1978 provided living space for more than 456 million people—twice the number in the United States. Only China and India have larger populations.

The magnitude of this region and its recent economic achievements have been little noted in the United States. There is also a serious cultural lag in appreciating the extraordinary leap into modernity made by these Asian and Pacific peoples in recent years. Americans are by political tradition, as well as ethnic and cultural ties, more inclined to look east across the Atlantic than

west across the much larger Pacific. While we have not been paying much attention, the Pacific Community has emerged as an international reality. Its ten nations have created a regional economic strength bearing comparison with the United States, West Europe, or the Soviet Union. They have enjoyed for many years remarkably high rates of annual economic growth, much higher in recent years than in most other parts of the international trading world.

The phenomenal industrial development of Japan, South Korea, and Taiwan has been accompanied by rapid development of the abundant raw material resources—oil, uranium, iron ore, tin, rubber, timber, palm oil, and foodstuffs—of Southeast Asia, Australia, and New Zealand. The interconnections and long-range business commitments among these economies are beginning to be as complex and sophisticated as those of Europe. Multinational investments, bilateral trade and banking arrangements, and increasing contracts between regional institutions, enterprising businessmen, and government planners are creating growing regional interdependence as well as multiple links with the United States.

The result is that in 1980, the last year for which reliable statistics for all the countries are available, the GNP (Gross National Product) of the Pacific Ten was more than 1.8 trillion in U.S. dollars at 1980 market prices.

Table 4.—GNP and per capita income of the Pacific Ten

[GNP—In billions of U.S. dollars]

Country:	
Japan	1,397.0
Australia	140.1
Indonesia	66.8
South Korea	59.3
Philippines	35.4
Thailand	32.9
Taiwan	32.3
Singapore	24.0
Malaysia	23.7
New Zealand	21.4

[Per capita income in U.S. dollars]

Country:	
Australia	9,580
Japan	8,887
New Zealand	6,899
Singapore	3,410
Taiwan	2,720
Malaysia	1,783
South Korea	1,553
Philippines	732
Thailand	708
Indonesia	439

Source: *The Asia 1982 Yearbook, op. cit.*, pp. 8–9.

Furthermore, these goods and services are produced in entrepreneurial economic systems with a strong vested interest in trade. Total trade of the Pacific Ten with the United States amounted to nearly U.S. $109 billion in 1980, about one-fifth of their world trade, which reached U.S. $542 billion in the same year. A great deal of the world trade is in commodities needed in the advanced industrial nations of Europe as well as in the United States. It is obvious that its regional economic cluster of power in Asia is a major factor in the international trading world of goods and capital flows.

TABLE 5.—TRADE WITH THE UNITED STATES, 1980

[In millions of U.S. dollars]

Country	Exports	Imports	Total
Japan	31,905	24,567	56,472
Taiwan	7,500	5,500	13,000
South Korea	4,624	4,890	9,514
Australia	2,579	4,410	6,989
Indonesia	4,605	1,613	6,218
Singapore	2,424	3,389	5,813
Malaysia	2,117	1,633	3,750
Philippines	1,583	1,934	3,517
Thailand	795	1,361	2,156
New Zealand	720	768	1,488
Total	58,852	50,065	108,917

Source: Direction of Trade Statistics Yearbook, 1981, except for Taiwan. Its trade with the United States was calculated from estimates given in The Asia 1982 Yearbook.

III

The Pacific Community nations, and in particular ASEAN members, all consciously and firmly limit their avowed common purposes to regional economic goals. Nevertheless, the extent and frequency of consultation and informal cooperation among them is staggering in view of their divergent ethnic, religious, and political backgrounds. Security issues may not be on the agenda of ASEAN meetings, but they certainly come up for full examination in the corridor talks among the Southeast Asians as well as with the Northwest Pacific and South Pacific states.

In fact, it is possible to note in the past few years substantially increased sophistication about strategic concepts and great power ambitions. This more acute realism derives in part from the fact that most of these ten countries have crucial bilateral security arrangements with the United States, Taiwan, South Korea, Japan, the Philippines, Australia, and New Zealand all have formal American treaties or legally binding commitments. Thailand has had for many years and still relies on vague but credible U.S. assurances of assistance in the event of attack from Vietnam.

The other three ASEAN governments—Indonesia, Malaysia, and Singapore—are increasingly aware that it is American military power that guarantees the safety of the sealanes along which all Pacific Community trade passes, including the oil tankers plying to and from the Indian Ocean. This enormous traffic mostly moves via one of the world's most important strategic ocean passages, the Strait of Malacca, lying between Singapore and Malaysia on one side and Indonesia on the other.

The alternate routes are all through the Indonesian Archipelago. The vital oil traffic from the Persian Gulf to Japan alone automatically raises questions of security of the seas.

ASEAN officials quickly reveal deep concern over the presence of Soviet naval forces at the great American built base facility. Cam Ranh Bay, in Vietnam as well as the use of Vietnamese air bases by long-range Soviet military aircraft on logistic and intelligence reconnaissance missions. They also readily acknowledge that Soviet intrusion in the South China Sea constitutes a tacit Soviet threat in the Pacific.

Even the Japanese often speak in these terms to other members of the Pacific Community group of nations, something they never did two or three years ago. On their minds are not only the Soviet presence in Vietnam but also the division of Soviet ground forces on the disputed Northern Islands, a few miles from Hokkaido; the substantial Soviet navy on patrol in the Northwest Pacific; and recently, the modern intermediate range SS-22 missiles and Backfire bombers deployed in the Soviet Far East.

The Soviet entry into the South China Sea accompanied, and probably was caused by, the shifting great power alignments in the fall and winter of 1978, when Japan and the United States resumed diplomatic relations with the PRC, the main regional and ideological antagonist of the Soviet Union. After the Japanese move toward China in August and just before the American announcement of normalization of relations with Peking in December, Moscow signed a Friendship Treaty with strong security commitments to Hanoi.

Ten days after the Joint U.S.-PRC Communique, Vietnam attacked China's Communist client regime in Kampuchea. Early in 1979 the PRC attacked Vietnam "to teach a lesson," as Deng Xiaoping explained. The proxy war between Moscow and Peking has been going on in Southeast Asia ever since. The stalemate and discontent pervade the atmosphere. Nobody is winning this war. The PRC can scarcely afford it, and Vietnam can only do so with large infusions of somewhat unwelcome Soviet aid. The Khmer would really like to to get rid of both Chinese and Vietnamese puppet governments.

The ASEAN states, including Thailand, whose leaders have facilitated Chinese support of Khmer Rouge resistance since 1978, desire to see a compromised political settlement of the conflict. What they want is to free the area from domination by either Vietnamese or Chinese Communists. They also hope for a reduction of Soviet influence in Vietnam—now stemming from U.S. 3 to 6 million dollars a day of indispensable military assistance.[2]

The ASEAN countries all differ on their ideas of an acceptable resolution of the Kampuchean crisis. Indonesia and Malasia are more inclined to negotiate in some sympathy with Hanoi, while Thailand and Singapore consult Peking and resist consolidation of Vietnamese control in Kampuchea.

Most Southeast Asian leaders feel, however, that the mission ingredient for peace is a solid U.S. guarantee for Thailand against Vietnamese attack, accompanied by U.S. diplomatic pressure on Moscow and Peking to live and let live in Southeast Asia, plus U.S. support for a coalition government in Kampuchea. They also agree that only the United States can do what is needed and that American support of ASEAN initiatives is indispensable for peace in Indochina. Finally, everyone hopes the United States will counter the Soviet threat in the Pacific generally. The ASEAN countries hope the Reagan Administration in Washington will get around to doing all these things.

Some of these nations are nonaligned, but they all know their strategic interests lie within the emerging Pacific Community and with the United States. If the era of Vietnam guilt is ending in the United States, it is high time. Hostility toward Americans has dissipated long since in the region where the real damage occurred, most of it after the U.S. withdrawal rather than because of U.S. intervention. Substantial American participation is coping with the Pacific Community's national and regional problem, if it is discreet and reasonable, is now again thinkable, even sought after. Some day disenchantment with the doctri-

[2] *The Asia 1982 Yearbook*, p. 21.

naire Communist and a yearning for the better life evident in the capitalist trading nations of the Pacific will bring about a stabilizing political fix in East Asia.

The name of an old friend of the United States, the mercuric Prince Norondom Sihanouk, is surfacing again. He blows hot and cold, but he is being suggested as a paramount leader in Kampuchea by his present protectors in North Korea and his former patrons in the PRC. In this weird political landscape the arrival of a royal figure might just permit cooperation of the warring Communist factions under his aegis. In addition Sihanouk possibly could bring into a coalition former Khmer Rouge President Khieu Samphan and former Prime Minister Son Sann, who is leading a guerrilla war against both Pol Pot and Heng Samrin. Much depends upon the negotiating skills of ASEAN leaders and the understanding of psychological and political trends in the area by the Reagan Administration. It will be a severe test but it may prove to be a milestone triumph for the President. If so, the new spirit in the emerging Pacific Community will be what makes it happen.

Strangely enough nearly all of the Asian parties to the Kampuchean quarrel are leaning toward getting the United States involved. Even the Vietnamese would like to normalize relations with Washington in hope of reaping some economic benefits. The truth is the Southeast Asians all trust Americans more than they trust the Russians, or the Chinese, or for that matter, the Japanese, the other major international actor in the region. At least they mistrust the Americans less. This attitude may not reflect real affection, but it is as close to it as one usually gets in international geopolitics. Americans may not be loved, but they are wanted as participants in stabilizing efforts in Kampuchea, a key state whose equilibrium would strengthen non-Communist elements in Thailand, Laos, and even Vietnam.

Joining in this sentiment that leans toward consultation and cooperation with the United States are certainly our ANZUS treaty partners—Australia and New Zealand—with their European-American cultural ties, their complete dependence on sealane security, their primary interest in trade, and their current conservative political leadership. Friendly cooperation in Pacific matters can easily be established—in many ways already exists—between Washington on the one side and Canberra and Wellington on the other. The anchor of the Pacific Community is firmly emplaced in the South Pacific.

As for the strategic triangle in the Northwest Pacific, the wish for a strong U.S. presence is even more deeply felt. Reasonable and helpful American military, economic, and geopolitical moves in this region will be eagerly welcomed. Japan, South Korea, and Taiwan all feel strategically dependent on the United States. They would all be devastated if they thought either the Soviet Union or the PRC would become the dominant regional power.

Japan is an economic giant—with a GNP at almost U.S. $1.5 trillion as of 1981, after the United States and the USSR, the third greatest producer of goods and services in the world. Yet Japan devotes only one percent of its GNP to military expenditures and has developed only minimal armed forces, designed exclusively for defense. The U.S. commitment to the security of Japan is absolutely indispensable. The Japanese know the United States has a U.S. $2.6 trillion economy and spends five percent of its GNP on military strength. So long as Washington springs no strategic shocks and preserves Japan's freedom to produce and trade, Tokyo will want the United States active in the West Pacific. Probably Japan will, in due course, increase the forces dedicated to defense of the home islands and home waters. Any augmentation of its naval and air effort automatically frees U.S. forces for more flexible deployments in other Pacific regions or even into the Indian Ocean.

Most Japanese fully appreciate the benefits brought by a benevolent U.S. military occupation after World War II and many years of voluntary cooperation under the protective umbrella of the U.S.-Japan Mutual Defense Treaty. As in the case of West Germany in Europe, the Alliance of Japan with the United States in the Pacific is a pivotal geopolitical fact of late twentieth-century life. It is crucial to build on this relationship and for Tokyo and Washington to strengthen the Pacific Community as a whole.

If Japan is inevitably the indispensable northern bastion of the West Pacific chain of states anchored at the southern end by Australia and New Zealand, the Korean peninsula remains—as the Japanese have always said—a strategic dagger pointed at the heart of Japan. The security and stability of the Republic of Korea, which has occupied the southern half of the peninsula since it was divided in 1945, are permanently interlinked with the viability of Japan as an ally of the United States.

South Korea is at a delicate point now in an effort to achieve a new level of political stability under its capable new President Chun Doo Hwan, an army officer until his election. As President his highest priority is to see that no opportunity is provided for the 700,000-man military force of Soviet-armed North Korean Communists to conquer the South, as their Oriental Stalinist style leader, Kim Il-song, has threatened to do for several decades. The 600,000-man South Korean army is a counter to this threat so long as it is backed up by U.S. military strength, particularly in the air and at sea. South Korea is also, in its own right, one of the major strategic military elements in the Pacific cluster of countries and a valuable supplement to the American military presence in the area.

President Chun states clearly and forcefully that he must achieve security, political stability, economic growth, and social justice, in that order. He fully understands that the American alliance is essential to his first prerequisite, security. His visit to Washington in February 1981 as the first foreign chief of state to confer with President Reagan consolidated U.S.-Korean ties and gave a critical boost to the emerging trend of the whole Pacific Community toward closer cooperation with the United States. Keeping peace and stability in the Korean peninsula is a paramount strategic necessity not only for Seoul but also for Washington and Tokyo. Cooperation and consultation within the whole Pacific Community context will help immeasurably in the process.

The biggest cloud on the Pacific horizon may be the recently renewed clamor from Peking about the right of the PRC to exercise political control over the free Chinese society on Taiwan, using military force if necessary. For 30 years the Chinese Communists have claimed this right in principle, although they have failed in every effort to conquer Taiwan and, in fact, have never controlled the island.

The Chinese authorities in Taipei, the constitutional legatees of the Republic of China established in 1911, have governed Taiwan since 1949 and stoutly resist efforts to incorporate the island and its population in the PRC. Taiwan maintains a half-million well-trained men under arms and hews to the American alliance under which it has survived and prospered. With U.S. economic aid, ended by mutual agreement in the mid-1960s, Taiwan rapidly absorbed American technology, reached the take-off stage industrially, and by 1980 brought per capita income for its people to a level of over U.S. $2,700, as compared with U.S. $281 for the PRC.

The economy of Taiwan is the irrefutable demonstration, along with Singapore and Hong Kong, that Chinese societies can forge ahead rapidly in economic development. The fact that it is a free enterprise system is a constant reproach to the PRC, where standards of living have not lifted much if any above levels of 25 years ago.

Because of the threat from the mainland, the Republic of China on Taiwan remains under a comparatively restricted kind of martial law, and it has an indirect method of elections at the presidential level. Nevertheless it has held direct popular elections for most of the governing institutions that mainly touch people's lives—the local councils and the Taiwan provincial legislature. It is an open society with an emerging democracy as well as a miracle economy.

A competent and popular President, Chiang Ching-kuo, the 70-year-old son of the late Chiang Kai-shek, is steering his robust Chinese state of 18 million citizens firmly in the direction of steadfast alliance with the United States and participation in the international trading system of the West Pacific and the free world.

On behalf of the Republic of China, President Chiang has made clear that unification with the mainland can come only when freer economic and politicial processes than now exist come into being in the PRC. He has welcomed continuing security guarantees from the United States provided in the Taiwan Relations Act of 1979 and always says that, in case of any war in the Pacific, Taiwan bases and facilities are available to U.S. forces.

Unless the PRC takes the unlikely and foolhardy step of attempting the military conquest of Taiwan, the Republic of China will go on providing the third point of the Northwest Pacific triangle, protecting Japan and the sealanes leading from Korea and Japan to the South China Sea. Thus it is certain to be a central component in the emerging Pacific Community of trading and seagoing nations.

Taiwan also provides the geographical and strategic link with the Philippines, the northernmost of the ASEAN states, thus welding together the Northwest Pacific triangle with the ASEAN central arch. The Philippines is the main base for U.S. naval and air power in the West Pacific. It is the oldest outpost of American influence in East Asia. With the Philippines, only about 200 miles to the south, Taiwan holds a position of great strength at the middle of the strategic belt of states constituted by the Pacific Ten.

If the favorable trends in the emerging Pacific Community persist and grow, the balance of power will shift in a direction advantageous to the United States. This re-

quires that the PRC be deterred from attacking Taiwan, that North Korea be deterred from attacking the Republic of Korea, and that the ASEAN states submerge their differences to work with the United States in patching together a peaceful and stable compromise in Kampuchea. The chances are fair to good. Extraordinarily efficient and farsighted leaders in East Asia-men like Chiang Ching-kuo of the Republic of China, Chun Doo Hwan of the Republic of Korea, and Lee Kuan-yew of the Republic of Singapore—are thinking along these lines. If their luck holds and they continue to cooperate with one another, the Pacific Ten can turn East Asia into a zone of stability, beckoning to the Communist Five to turn gradually toward the open societies. It is good news and something to work toward for President Reagan for the American people, and for all our allies in the free world.●

HADASSAH—70 YEARS OF SERVICE

● Mr. HOLLINGS. Mr. President, I rise today as one among many colleagues to pay tribute to Hadassah, the Women's Zionist Organization of America. This year Hadassah is celebrating 70 years of service, and it is fitting that time has been set aside today for the Nation to pause in recognition of the many splendid contributions which this organization has made through the years.

Hadassah is, as we all know, preeminently a humanitarian service organization. In fact it is our Nation's largest women's volunteer group, with a membership in excess of 370,000 women. Hadassah founded and continues to operate the Hadassah-Hebrew University Medical Center in Jerusalem, and this center has played a mighty role, not only in alleviating human suffering, but in cementing the ties of friendship which bind the United States of America and Israel.

Governments can debate the great issues of peace and war, budgets and finance, energy and commerce. But when all is said and done, the well-being of the people is always the ultimate goal. And in furthering the well-being of the people, Hadassah has built a record second to none—it has improved our health, enhanced our international friendship, and brought closer that day when disease and ignorance have been banished from the planet. It serves the purposes of humanity, and its ultimate accolade is that it has furthered those interests.

So today we join in tribute and thanks, and in the hope that the years ahead will be as productive for Hadassah as have the past 70 years.●

BUDGET DEFICITS

● Mr. GOLDWATER. Mr. President, of all of the problems that this country faces today, none is more significant than our economic crisis. Instead of abandoning the old, "business-as-usual" approach to our economy, we have gotten mired in the political infighting that looks for scapegoats instead of solutions. Too often, a small group with a vested interest can succeed in blocking the most worthwhile project by virtue of a power completely out of proportion to their numbers.

The 35th Legislature of the State of Arizona recently passed a memorial relating to the cause and effect of budget deficits and a proposal to help reduce the national debt. The proposals contained in this memorial would certainly go a long way toward easing the budget problems we face today and, the best part is, they are based on good, old-fashioned commonsense.

Mr. President, I ask that this memorial be printed in the RECORD.

The memorial follows:

HOUSE CONCURRENT MEMORIAL 2004

Whereas, continued deficit spending borrows against an uncertain future; and

Whereas, there have been destructive fiscal policies and precedents concerning deficit spending instituted by prior administrations and congresses; and

Whereas, these practices have created a deceptive and artificial dependence on big government which is difficult to curb or reverse; and

Whereas, unbalanced budgets have constituted a staggering form of economic oppression in the past and will diminish the potential for restoring a healthy economy in the future if continued; and

Whereas, past unbalanced budgets have created an enormous national debt which has become the responsibility of the current administration to service; and

Whereas, the servicing of an enormous national debt requires the federal government to enter the financial marketplace and compete for money with the private sector, both corporate and individual; and

Whereas, this excessive competition by the federal government has resulted in exorbitant interest rates; and

Whereas, the United States' economy cannot continue with such rates if it is to regain its financial vitality; and

Whereas, the interest rates will not return to affordable levels until the federal government returns control of the financial marketplace to the private sector, to which it rightfully belongs; and

Whereas, the federal government will not be able to withdraw from its influence of the financial market as long as it must service its enormous debt, which now exceeds one trillion dollars; and

Whereas, neither a large national debt nor continued deficit spending must be accepted as necessary evils, but instead must be identified as harmful burdens which plague the economy; and

Whereas, the national debt will exceed two trillion dollars within ten years if steps are not taken to reverse its current growth trend; and

Whereas, this growth trend foreshadows a greater dominance by the federal government in the financial marketplace as competition is intensified with the private sector for available capital funds; and

Whereas, this rivalry for dollars will continue to drive current interest rates even higher; and

Whereas, the acquisition cost of the assets owned by the United States currently exceeds the one trillion dollar debt; and

Whereas, many federal properties have appreciated significantly since they were acquired, so that the true value of the tangible assets of the United States may be substantially more than one trillion dollars; and

Whereas, the federal government has no idea what its assets are currently worth; and

Whereas, the federal government currently has surplus property with an acquisition cost of one billion, three hundred twenty-three million, three hundred eighty-seven thousand dollars and may have property worth many times this amount that is not needed by the federal government, but has not been declared surplus; and

Whereas, most properties declared to be surplus to the needs of the federal government, of which many are quite valuable, have been given away; and

Whereas, the proceeds from those few federal properties sold at market value have been used, not to restrain or reduce the national debt, but to acquire more government property; and

Whereas, federal assets are the property of the American people, but they have not heretofore been managed to the maximum benefit of the people; and

Whereas, without an up-to-date inventory of federal assets, there is no way to distinguish between those which are needed and those which are not; without knowledge of the approximate market value of such assets, there is no way to set priorities for liquidation; and without improved procedures the government may be unable to liquidate unneeded assets at their market value; and

Whereas, many federal properties could be liquidated without damage to the public welfare, and often without changing the present public use of such properties; and

Whereas, the federal government can continue to increase the national debt only at the risk of serious damage to the economy of the United States and other national economies throughout the world; and

Whereas, the liquidation of carefully selected federal properties could contribute to restraining and ultimately reducing the national debt of the United States.

Wherefore your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

1. That the President and the Congress of the United States bring the nation's budget into balance.

2. That the government of the United States manage its assets in a manner more prudent and beneficial to the interests of the American people.

3. That the President immediately direct the heads of all Executive Branch agencies to inventory their assets (except for national parks, monuments, historic sites and other holdings for which an inventory would serve no purpose), to estimate the approximate value of each asset, and to identify the uses to which each asset is put.

4. That the President identify which assets are surplus to federal needs and should be candidates for liquidation.

5. That the President submit recommendations to the Congress of the United States on any legislative and administrative revisions that may be needed to carry out such a program of liquidation in an orderly manner.

6. That the receipts of this program be used only to restrain and ultimately reduce the national debt of the United States.

7. That the Comptroller General investigate and recommend to the United States

Congress and each agency improved processes for managing federal assets, estimating their value, and liquidating those which are unneeded.

8. That if action is not taken on the preceding recommendations and if the President and Congress of the United States fail to unite and correct the financial disaster confronting our nation, the states seriously consider the option of calling a Constitutional Convention to take necessary corrective action.

9. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, the Members of the Congress of the United States and both the President of the Senate and the Speaker of the House of Representatives of each state legislature.●

SOCIAL SECURITY

● Mr. BIDEN. Mr. President, in recent months, I have had literally hundreds of conversations with senior citizens throughout Delaware. On March 15, a number of leaders from the senior citizen community testified before a field hearing of the Senate Budget Committee. In each instance the message has been clear: "We are ready and willing to pitch in and help America get its economic house back in order. We want to do our part. But please, do not ask us to do more than is our fair share. We are not willing to have the budget balanced upon our backs."

Well, Mr. President, neither am I. That is why I did not support the Senate Budget Committee's original recommendation of $40 billion in unspecified social security cuts over the next 3 years; and am pleased that the provision has been removed from the proposed resolution now before us.

When Franklin Roosevelt signed the Social Security Act of 1935 he said:

> The Social Security Act was designed to provide the average worker with some assurance that . . . when his working days are over, he will have enough money to live decently . . . the Federal government will pay a definite amount of money as a retirement pension.

Mr. President, I would submit that social security represents a contract between the American people and the Government. I would also submit, Mr. President, that a proposal to make something on the order of $1,111 in unspecified cuts in the benefits received by each recipient over the next 3 years breaks that contract and helps shatter what little confidence the American people have left in their Government.

Nearly everyone agrees that changes will have to be made in the social security system within the next couple of years. The demographics of the Nation have changed and, without reneging on our contract with those receiving benefits, the social security system must change accordingly.

But Mr. President, we must not allow social security to become a pawn in the political fight over balancing the Federal budget. Any action taken that changes the social security program must have but one goal: That of insuring the short- and long-term viability of the system so that the American people may be assured of receiving the benefits they have worked so hard to earn.

As we all know, a bipartisan commission is now meeting to discuss the various ways in which social security can be saved. The President, the Speaker of the House, and the majority leader of the Senate have all agreed to await the Commission's findings before making any moves to substantively alter the social security program. We have no way of knowing what the Commission's recommendation will entail. We should, however, wait until the report has been filed and not attempt to make the Commission's decisions for it by mandating any specific amount of savings.

Let us not take a blind leap into this thicket. The manner in which we reform social security may well be the yardstick by which the 97th Congress will be judged. It demands a careful and measured approach. We must insure that we are not deluded, as we were 5 years ago into thinking that social security's problems have been solved for 50 years.

Mr. President, it was prudent to have removed the proposed $40 billion in unspecified social security cuts. I anxiously await the Commission's report, and hope we will get right on with the job of saving social security while keeping the contract we have made with the American people.

JOSEPH J. O'BRIEN

● Mrs. HAWKINS. Mr. President, today I want to publicly congratulate Mr. Joseph J. O'Brien, president of ITD Industries, Inc. of St. Petersburg, Fla., for being selected the Florida Small Business Person of the Year by the U.S. Small Business Administration.

Twelve years ago, Mr. O'Brien realized that controlling energy costs would become increasingly important in the 1980's and beyond. He decided that the market for Sun control film looked very promising and he went after it. Sun control film is a material applied to a building's windows in order to cut down on Sun glare and reduce the heating of the building interior from direct sunlight.

Mr. O'Brien started out having outside firms manufacture his own Sun control film, called SunGard. Today, Mr. O'Brien's own manufacturing firm, ITD Industries, Inc. produces SunGard in a 40,000 square foot facility in St. Petersburg, Fla. ITD has patented its own dry-bonding adhesive process which dramatically improves solar control film's marketability in the do-it-your-self market.

ITD Industries, Inc., now employs 82 people in the St. Petersburg area and will likely employ 40 to 50 more before it finishes expanding into other parts of south Florida and California. The company has also become one of the 7 largest manufacturers of solar film in the world and markets its products throughout the United States and in 18 foreign countries. ITD Industries has represented the United States at a U.S. Trade Exhibition on Energy Conservation products in Milan, Italy, at the request of the U.S. Department of Commerce.

Mr. O'Brien's success reinforces my belief that the small business community will continue to make substantial contribution to the economic health of this Nation. Continued technological innovation from ITD and companies like it promise to sustain this country's reputation for being able to get the job done. I am pleased to see Mr. Joseph O'Brien and ITD Industries continuing that tradition. In light of Mr. O'Brien's impressive achievements, it is clear that his selection as Florida Small Business Person of the Year is a well-deserved honor.

THE MARY McLEOD BETHUNE COUNCIL HOUSE

● Mr. CHILES. Mr. President, I am very happy to cosponsor S. 2436, a bill that would designate the Mary McLeod Bethune Council House here in Washington, D.C. as a national historic site.

Mrs. Bethune lived a life full of achievement and determination. She was born in Mayesville, S.C., in 1875. She attended Scotia Seminary in North Carolina and the Moody Bible Institute in Chicago. When the Presbyterian Board of Missions refused her application to become a missionary, she decided to devote her efforts to the education of blacks. In 1904 she established the Daytona Normal and Industrial Institute for Negro Girls. Later the school merged with the Cookman Institute and became known as Bethune-Cookman College. That institution is one of the most celebrated and historic in my State and all Floridians are proud of the heritage that is Bethune-Cookman's. Mrs. Bethune was not only a great educator, she was an inspirational political figure. She served as an adviser to President Roosevelt through three administrations. She helped President Roosevelt organize the National Youth Administration and was Director of the Division of Negro Affairs between 1936 and 1944. In 1935 she received the Springarn Award for her great service to America.

In 1955, we lost this great champion of education and civil rights. Her words are eloquent and in her often quoted legacy, she said, "I leave you a thirst for education. Knowledge is the prime need of the hour."

The creation of the Mary McLeod Bethune Council House will serve as a constant memory of her contributions to America.

Mr. President, I ask that a copy of the bill be printed in the RECORD.

The bill follows:

S. 2436

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

CONGRESSIONAL FINDINGS AND PURPOSE

SECTION 1. (a) FINDINGS.—The Congress finds and declares that—

(1) the Mary McLeod Bethune Council House was the residence in Washington, District of Columbia, of Mary McLeod Bethune, renowned educator, national political leader, and founder of the National Council of Negro Women;

(2) it was at this location that Mary McLeod Bethune directed activities that brought her national and international recognition;

(3) this site was significant as a center for the development of strategies and programs which advanced the interests of black women and the black community;

(4) it was at this location that Mary McLeod Bethune as the president of the National Council of Negro Women received heads of state, government officials, and leaders from across the world;

(5) the Mary McLeod Bethune Council House was the first national headquarters of the National Council of Negro Women, and is the site of the Mary McLeod Bethune Memorial Museum and the National Archives for Black Women's History;

(6) the archives, which houses the largest extant manuscript collection of materials pertaining to black women and their organizations, contains extensive correspondence, photographs, and memorabilia relating to Mary McLeod Bethune; and

(7) the museum and archives actively collect artifacts, clothing, artwork, and other materials which document the history of black women and the black community.

(b) PURPOSE.—It is the purpose of this Act—

(1) to assure the preservation, maintenance, and interpretation of this house and site because of the historic meaning and prominence of the life and achievements of Mary McLeod Bethune, an outstanding leader in the areas of housing, employment, civil rights, and women's rights; and

(2) to assure the continuation of the Mary McLeod Bethune Memorial Museum and the Nation Archives for Black Women's History at this site, the preservation of which is necessary for the continued interpretation of the history of black women in America.

ESTABLISHMENT OF HISTORIC SITE

SEC. 2. In order to further the purpose of this Act and the Act of August 21, 1935 (16 U.S.C. 461-7), the Mary McLeod Bethune Council House at 1318 Vermont Avenue Northwest, in the city of Washington, District of Columbia, is hereby designated as a national historic site (hereinafter in this Act referred to as the "historic site").

COOPERATIVE AGREEMENT

SEC. 3. In furtherance of the purposes of this Act and the Act of August 21, 1935 (16 U.S.C. 461-7), the Secretary of the Interior is authorized and directed to enter into cooperative agreements with the National Council of Negro Women. Such agreements may include provisions by which the Secretary will provide assistance to mark, interpret, restore, and maintain the historic site and provide technical and financial assistance to the National Council of Negro Women for the preservation and interpretation of any properties referred to in section 1(a). Such agreement may also contain provisions that—

(1) the Secretary of the Interior, acting through the National Park Service, shall have right of access at all reasonable times to all public portions of the property covered by such agreement for the purpose of conducting visitors through such properties and interpreting them to the public; and

(2) no changes or alterations shall be made in such properties except by mutual agreement between the Secretary and the other parties to such agreements.

No limitation or control of any kind over the use of such properties customarily used for the purposes of the National Council of Negro Women shall be imposed by any such agreement.

ANNUAL REPORT

SEC. 4. The National Council of Negro Women shall, as a condition of the receipt of any assistance under this Act, provide to the Secretary of the Interior and to the Congress of the United States an annual report documenting the activities and expenditures for which any such assistance was used during the preceding fiscal year.●

SOCIAL SECURITY SYSTEM IS IN TROUBLE

● Mr. DOLE. Mr. President, two editorials on social security appeared in major newspapers today underscoring the seriousness of the social security financing crisis. "Social Security in 1982, 1984, and 2020," an editorial in the New York Times, and "The Social Security Problems: We've Got Company," in the Wall Street Journal, present clear statements of the financial and political dangers of Congress failing to deal with the social security deficit, both the short-term deficit and the long-term deficit—the one of importance to young taxpayers supporting the system. Both editorials point to the viability of reducing the rate of growth of social security benefits as a solution to the long-term social security financing problem.

Mr. President, I ask to have the two editorials printed in the RECORD.

The editorials follow:

[From the New York Times, May 20, 1982]

SOCIAL SECURITY IN 1982, 1984, AND 2020

Before the hot potato of Social Security is put back in the political cooler, it would be well to remember, that this recurrent "crisis" routinely evokes a confusion of three different problems. President Reagan's experts are worried because Social Security payments may drive the Federal budget deeper into deficit. Social Security administrators fret that they may not have enough cash to pay next year's bills. And social planners are uneasy because a few decades from now there won't be enough income to pay the benefits of people just now starting to work.

The first anxiety is not about Social Security at all. The second could be quickly dissolved at small cost to pensioners. But the long-term problem could become intractable unless the system is soon reformed.

The Federal deficit in 1983 may exceed $175 billion. And since Social Security is a rapidly growing component of the budget, some fiscal conservatives urge a reduction in benefits.

This is indeed a good time to reconsider the dimensions of government support for the elderly and disabled—but not because the 1983 budget is colored red. Social Security is much less the cause of big deficits than large income tax cuts or defense expenditures. the immediate difficulty with Social Security comes from a different deficit, the one faced by the system's own trust funds.

Under current law, Social Security benefits are paid from the collections of a separate payroll tax. It has been known for some time that this collection would lag behind benefit payments in the early 1980's. But actuaries thought the system might squeak by, living off reserves until a corner was turned in 1985-86.

High unemployment has now reduced the estimates of near-term revenues and increased the demands for early retirement. The best guess is that the trust funds will run out of cash in 1984.

What could be done? Benefits might be cut by a few percent across the board. Cost-of-living raises might be deferred or reduced. Extra money might be taken from other parts of the Federal budget.

It would be fairest, we think, to save more selectively: by taxing the benefits of more affluent pensioners or raising more revenue by requiring Federal employees to join the system. But however the gap is closed, this modest problem can be overcome without hurting anyone very much.

The more worrisome crisis is still decades away. The system's need for cash will grow rapidly over the next quarter-century, but it will presumably be satisfied with current payroll taxes from the large work force that is forming as the baby-boom generation continues to mature. By about 2020, however, there may be trouble.

Then the babies of the 1950's will begin retiring without having produced a comparably large generation of younger workers to pay their pension bill. Unless something is done soon, the choices then will be dismal: raise payroll taxes sharply or deny promised benefits to the most heavily taxed generation in Social Security's history.

To avoid that choice, taxes could be raised now, making this generation of workers provide not only for its parents but also in part for itself. Less painfully, the retirement age could be gradually raised, from 65 to 68. Earlier retirement would still be available, at reduced benefit rates. But for most people, the change would be a realistic adjustment to longer lifespans and improved health.

Politicans who in 1982 cannot face even the tinkering that the 1984 shortage requires will simply flee from the 2020 problem. But it would be wise, just once, to tackle a critical issue before it explodes. For Americans under 40, Social Securtiy is a political and economic bomb with a long fuse.

[From the Wall Street Journal, May 20, 1982]

THE SOCIAL SECURITY PROBLEM: WE'VE GOT COMPANY

(By A. Lawrence Chickering and Jean-Jacques Rosa)

Social Security obviously represents an enormous problem for politicians concerned about controlling the federal budget. Just this week, for instance, the Senate's Republicans decided to put their $40 billion savings proposal for Social Security on the back burner until after the fall elections.

However vexing the current problem may be—the program accounts for about one-quarter of all federal spending—it is worth remembering that Social Security will graduate from a mere problem into a full-blown crisis after the turn of the century, when the post-war baby boom generation reaches retirement age. Between now and about the year 2030 the number of workers paying to support each pensioner is expected to drop from 3.2 to 2.0. Unless benefits are reduced, Social Security payroll taxes may have to double to pay for currently legislated benefits at that time.

The current value of this unfunded implicit debt amounts to more than $1 trillion, or roughly the size of the current national debt. Depressing as those figures look for the U.S. system, a recent comprehensive study of social security systems in eight industrial countries ("The World Crisis in Social Security," edited by Jean-Jacques Rosa, 1982) shows that the future funding of social security benefits is growing into a serious world-wide problem.

The experience of these countries reveals the enormous difficulties governments have making and sustaining sensible public policy in areas in which the time horizon of a program greatly exceeds the time frame of most politicians. Policy choices made about social security in 1982 have consequences well beyond the turn of the century, but the temptation everywhere is to vote for current benefits that will have to be paid for by future generations of taxpayers.

The long-term funding crisis in social security arises because the aging of the population is reducing the number of workers paying taxes to support pensioners in pay-as-you-go systems. The number will continue to decrease until about 2025 or 2030, when the strains on public retirement systems will reach their peak.

The future ratio of two U.S. workers paying taxes to support each future pensioner seems low, but the current ratio in Italy is 1.4! West Germany, which today has 2.19 workers paying for each pensioner, in 2030 will have one worker (1.12 actually) paying for each pensioner.

These numbers imply large payroll tax increases, some in excess of 30%, in countries such as Italy, Sweden, West Germany, France and possibly Britain. The disincentive effects of such tax increases can only be imagined.

All these projections depend, of course, on estimates of future birth rates, life expectancies, and economic growth. Higher birth rates or economic growth would obviously improve the programs outlook. On the other hand, these are median estimates, and it is also possible they could prove too optimistic.

What is the answer? For those tempted to press for the accumulation of a genuine capital fund to pay for benefits, the evidence is not encouraging. First of all, building a capital fund in the face of an already-matured pay-as-you-go system is politically impossible, because it requires a long period of double contributions to the system—one to discharge obligations to people covered by the old system, and the other to accumulate the fund.

Even if such accumulations were possible, the case of Japan—which has the only capital funded program in the study—is not encouraging. Though funded systems, properly managed, should be immune to demographic changes, Japan shows the same systemic problem of trading present benefits for future costs that afflict pay-as-you-go systems.

Japan could maintain its current 10% tax rate and ride out its severe demographic changes if it paid a market rate of return on its capital fund. But it doesn't. Like politicians elsewhere, Japan's politicians tax the future to benefit the present. They invest the system's fund in public capital infrastructure—highways, airports, and so forth—which pays interest rates below those paid in the private market.

This investment policy is yielding negative real interest rates, so Japan's capital fund is being squandered. Unless the practice is changed, the Japanese will be forced increasingly into pay-as-you-go financing.

What is left? Tax increases will retard economic growth and aggravate the future funding problem. Italy and Sweden, where huge "underground" economies have grown up to avoid taxation, reveal the problems associated with high tax rates. That leaves one option: Reduce benefits. Either tighten the indexation formula and allow inflation to erode real benefits, or increase the retirement age—maintaining benefit levels but for a shorter retirement period.

Either way, the "future" funding problem is not only a future problem. The sooner reforms are put in place, the less the pain that must be borne to solve the problem. Still, one question remains about all this: Why have taxpayers accepted rising social security taxes without more fuss? The reason probably can be found in the myth that social security is insurance, creating inviolable rights to future benefits. Taxpayers think they will internalize all benefits, so they regard social security payroll taxes as equivalent to money in the bank. Their only objection can be that they are being forced to "save" too much. Thus, social security taxes go up and up without encountering the resistance so evident to tax increases of every other kind.

But politicians inclined to see social security as a problem with political consequences only as far ahead as the next election would do well to consider that people routinely factor future considerations into present behavior. And increasing numbers of younger voters are beginning to understand the social security mess and the system's "future problem." They're beginning to understand that the future is now.●

HONORING THE 70TH ANNIVERSARY OF HADASSAH

● Mr. PACKWOOD. Mr. President, today we celebrate the 70th anniversary of Hadassah, the Women's Zionist Organization of America (WZOA) founded on February 24, 1912 by Henrietta Szold. Hadassah has become the largest women's volunteer organization in America, with over 370,000 active members, and has been the cornerstone of international humanitarian service.

Henrietta Szold dedicated her life to the education of people less fortunate than herself. In the late 19th century, young Henrietta established night classes to help refugees who were fleeing from the Czarist Russian oppression to assimilate more easily into American society. Her ideal of night school served as a model to other cities across America. Mayor Fiorello La Guardia told her years later,

> If it had not been for the work you did years ago, I might not be here now, and I am deeply grateful.

Beginning in 1933, at age 73, Henrietta orchestrated the daring rescue and rehabilitation of thousands of innocent young children escaping Nazi cruelties. She welcomed them to Haifa, Israel, found them homes, and helped them start their lives over again. A deed such as this illustrates the type of person Henrietta was, and the spirit on which Hadassah has been based for 70 years.

A person of high principles and unswerving determination, she created Hadassah to provide aid and comfort to people who otherwise would have been left helpless. For 70 years, Hadassah has steadfastly adhered to Henrietta's doctrine of generosity and dedication.

The volunteers of the Women's Zionist Organization of America have provided exemplary service to countless people in the past seven decades by contributing to their health and education, both directly and through the training of medical personnel, Hadassah established and maintains the Hadassah-Hebrew University Medical Center in Jerusalem, Israel, which is available to all peoples, regardless of religion, race, or nationality. The tremendous Hadassah medical complex, which every year cares for over 41,000 inpatients, and half a million outpatients is founded on the oath of the Hebrew Physician: "* * * You shall help the sick, base or honorable, stranger or alien or citizen, because he is sick."

Women's groups and charitable organizations across the country have applauded the achievements of Hadassah and have heralded them as rays of hope emanating from a beacon of charity, which has bettered the lives of so many helpless.

Charitable organizations have used the methods Hadassah has established as examples in their own efforts, and see Hadassah as the ideal volunteer organization.

The Women's Zionist Organizations of America is regarded as a leader of women's movements, not only by Jewish women's groups, but also by all women's groups across the country. Because of Hadassah's determination and unsurpassed efforts in the field of voluntary service work, these women who have endured self-sacrifice and

hardship have blazed a new way for women's organizations. They were, and are today, pioneers in the field. There is no other organization which is organized, administered and staffed wholly by women that compares to the achievements in service work of Hadassah.

The Women's Zionist organization of America has come forth since 1912 to offer a comforting hand to the uneducated, sick and poor. They have asked for nothing in return, but graciously accept offers of assistance to ensure the organization's ability to continue to help those people who seek Hadassah in time of need.

At a time when private organizations are called upon to meet more and more needs of the people, Hadassah has been a shining example of undying voluntarism and international brotherhood for the past 70 years.

Mr. President, Hadassah represents to me the kind of organization which we should see throughout America. It offers help to those in need, it discriminates against no one, and is an organization which every American regardless of race or religion should be proud of.

I salute the members of Hadassah and thank them for everything they have done to help people in my State, and to help people all over the world. I say to the members of Hadassah, "Shalom."●

THE BINARY WEAPONS PROGRAM

● Mr. HATFIELD. Mr. President, as one who has long opposed the production of binary chemical weapons and, indeed, the production or stockpiling of any lethal chemical weapons, I found myself in a most difficult situation a few nights ago in attempting to place meaningful limitations on the size and scope of the binary weapons program. Other facets of this program will be dealt with at the appropriate time. We were, of course, offering such legislation in the aftermath of narrow defeat of the amendment offered by Senator HART, which I cosponsored and strongly supported. My purpose in offering an amendment is clear: If we cannot stop this ill-considered move, let us at least ascertain that there will be a cap on the size of the arsenal and that we will not produce for NATO until and unless one of its members certifies that they desire forward deployment. Without a doubt, many Members of the Senate who felt that binaries must be produced because of uncertainties regarding the current stockpile do not feel that we should signal to the world that we are in an escalation process or that large stockpiles of chemical weapons are militarily desirable. For these reasons, the Senate agreed by a margin of 92 to 0 that the important and meaningful conditions embodied in the amendment should be accepted. I would like to spell out in detail the provisions of the amendment so that there is no question in anyone's mind regarding the intent of the Senate. I would, finally, like to say that if there is any indication that the Department of Defense does not comply with these provisions, I will act to insure that there will be no funding of the program until they demonstrate total compliance.

It is the intent of the Senate to allow modernization of the arsenal of lethal chemical artillery shells by production of 155-millimeter binary shells under the proviso that the total number of serviceable lethal chemical artillery shells not be permitted to exceed the current serviceable number which, in the view of the Senate, is adequate for the requirements of U.S. forces.

As specified in this amendment, for each 155-millimeter binary artillery shell produced, a serviceable unitary artillery shell from the existing arsenal shall be rendered permanently useless for military purposes. The word "serviceable" as used here, of course, means currently serviceable, in accord with the intent of the Senate that the currently serviceable stockpile of lethal chemical artillery shells shall not increase. This means that the existing unserviceable lethal chemical artillery shells are not to be renovated and are to be demilitarized when practicable.

Serviceable unitary artillery shells in the existing arsenal include not only 155-millimeter, but also 105-millimeter, and 8-inch nerve agent and mustard artillery shells designated as "serviceable," but absolutely nothing else. It excludes those designated "unserviceable" in the Army's June 1981 report on the chemical stockpile.[1]

The production of any component of a binary weapon shall constitute a whole weapon, for purposes of this amendment.

It is further understood that the one-for-one destruction of serviceable unitary shells be accomplished concurrently with any production of binary shells or their components. That is, in any fiscal year, the number of binary 155-millimeter shells produced—as difined above—must not exceed the number of serviceable unitary shells rendered permanently unusable for military purposes in the same fiscal year.

It is further the intent of the Senate, as specified in the amendment, that no lethal chemical weapons of any kind be produced or renovated in total quantities exceeding the requirements of the U.S. Forces, unless requested by the governments of one or more NATO allies; of course, the quantities produced and/or renovated in such cases shall be no more than the NATO ally—or allies—agree in advance of such production or renovation to accept for a pre-positioning on their territory.

It is the expectation of the Senate that, pursuant to the enactment of this legislation, all requests to the Congress for production or renovation of lethal chemical weapons of any kind be accompanied by a notification to the Congress specifying whether such weapons are for United States or for allied forces.

In conclusion, it is the understanding of the Senate that this and any future authorization and appropriation for lethal chemical weapons will be contingent upon full and complete adherence to the provisions set forth in this amendment as specified herein.

[1] Worldwide Ammunition Report for Toxic Chemical Munitions and Bulk Agents (U.S. Army Armament Materiel Readiness Command, June 1981.

THE SELLING OF SALT II: HOW TO JUGGLE THE STRATEGIC BALANCE

● Mr. GARN. Mr. President, while SALT II failed to provide us with many of the advantages its proponents attributed to the agreement, it did set the stage for a major debate in this country concerning the deteriorating military, particularly strategic nuclear, position of the United States relative to that of the Soviet Union. The outcome of that debate was simply that the major shortcomings of the SALT II Treaty were made abundantly clear, and President Carter, acting upon the pretense of the Soviet invasion of Afghanistan, was forced to request the Senate not to take up the matter of treaty ratification on the floor.

Those of us who participated in the debate against the treaty, as it had been submitted, worked hard to combat the misleading impressions often left by those who supported its ratification. Chief amongst the so-called SALT sellers was former Secretary of Defense Harold Brown. Secretary Brown was a highly persuasive and effective proponent of the SALT II Treaty. Indeed, in recent testimony before the Senate Foreign Relations Committee, Secretary Brown again argued for the merits of the treaty.

I think it is, therefore, all the more timely to bring to the attention of my colleagues a recent article by Mr. Anthony Cordesman entitled, "Measuring the Strategic Balance: Secretary of Defense Brown as an American Oracle." The bottom line of Mr. Cordesman's analysis is that Secretary Brown molded the Department of Defense's annual posture statements in such a way as to meet the national security priorities of the Carter administration. Obviously, one of the highest

of those priorities was to secure Senate ratification of SALT II.

Mr. Cordesman identifies, and then analyzes in detail, six major distortions used by the former Secretary of Defense in his presentations of the United States-Soviet nuclear balance. These distortions of the analytic process were: First, the failure to define terms properly; second the failure to state assumptions; third, the manipulation of the method of comparison; fourth, the failure to define the method being used; fifth, the use of undefined shifts in the scale and measures used in portraying the balance; and sixth, the manipulation of the scenario.

The "politicalization" of defense data is not something that originated with the Carter administration. Yet the potential consequences of this process were highly disturbing for, as Mr. Cordesman notes, "no other Secretary of Defense had seriously had to cope with the prospect of U.S. strategic inferiority." What we needed was an unbiased assessment of the strategic challenge facing our Nation, with or without SALT II—we were not given such an assessment.

The DOD annual reports "systematically exaggerated the importance of SALT II" as Mr. Cordesman explains. The full nature of the Soviet threat was never spelled out for those of us who were being asked to make a judgment on the ratification of a major arms control agreement. We were told that SALT II would make a small, but useful, contribution to the cause of strategic nuclear arms control and U.S. national security. What we were not told is spelled out as follows by Mr. Cordesman:

> Even a very conservative estimate of the 'limits' imposed by the SALT II agreement would have indicated, therefore, that the USSR had the option of raising its total warhead number from 5,755 to 10,273 without varying its force mix. Improvement of the force mix, however, seems to have been a credible risk to consider in 1979, since U.S. intelligence had detected five new Soviet ICBMs under test, development of two new heavy bombers, testing of a new ALCM, and development of two new SLBMs. Indeed, even these figures are modest, for the SALT II agreement theoretically allows the USSR to deploy well over 17,000 warheads if it should choose to go for the maximum permitted loading of SLBMs and bombers (emphasis added) * * * SALT II only channeled the direction Soviet force improvements could take; it did not constrain the size or capability of Soviet forces.

Mr. President, I said before that the politicalization of defense data did not originate with the Carter administration. Nonetheless, we should be honest with one another about the real implications of SALT II in terms of its contribution to arms control and U.S. security. Today, we are once again hearing the wornout slogans of the proponents of SALT II. We are told that it provides for stability and removes uncertainty with respect to the United States-Soviet balance.

We are told that the time has come to ratify the treaty, or at the very least endorse its provisions by means of a Senate resolution. We are not reminded that the Senate Armed Services Committee found the agreement to be not in the national security interests of this country. Even the Senate Foreign Relations Committee proposed numerous reservations to the treaty as it was submitted by President Carter. Let us not indulge ourselves in a convenient lapse of memory concerning the fundamental weaknesses of SALT II as we continue to debate the issue of nuclear arms control today.

Mr. President, the proposal for major nuclear weapons reductions outlined recently by President Reagan has won wide backing from our NATO allies during the spring meeting of the NATO foreign ministers. This backing makes good sense, and I would recommend the same to my colleagues. No better explanation exists for the need to free ourselves from the approach to arms control and strategic stability characterized by SALT II than the recent analysis by Mr. Cordesman, and I ask that his article which was published by the journal, Comparative Strategy, be printed in the RECORD.

The article follows:

MEASURING THE STRATEGIC BALANCE: SECRETARY OF DEFENSE BROWN AS AN AMERICAN ORACLE

(By Anthony H. Cordesman)

[Charts and graphs not reproduced in RECORD]

If net assessment ever acquires enough discipline as a profession to merit a trivia game, the history of the Delphic oracle and the true nature of the "Delphic method" will be one of the essential bits of knowledge for any winner. From roughly 1100 B.C., when the Dorians conquered Greece, to 390 AD, when Emperor Theodosius II silenced the oracle and destroyed the temple, the Delphic oracle produced predictions to suit the politics of the day. The oracle was, however, always careful to make such prophecies sufficiently ambiguous so that the listener would be blamed for misinterpreting the prediction, rather than the oracle for failing to be accurate. In the process, a great deal of money and tribute changed hands, but the survival and success of the oracle always ultimately depended on the ability to read the political winds of the day, and to bend any prophecy in the proper direction.

Former Secretary of Defense Harold Brown's tenure as the nation's "oracle" of the strategic balance was far shorter than that of the oracle at Delphi. However, Secretary Brown adopted much the same methodology in reporting to the public and the Congress on U.S. and Soviet strategic forces. His annual assessments of the strategic balance and SALT II testimony were sufficiently Delphi, and shrouded in mystery, to be almost impossible to prove wrong. They were ambiguous enough to be interpreted as either statements of American strength or warnings of American weakness. As a result, the Secretary's public statements of the balance now make a fascinating case study of the problems in analyzing and communicating the strategic balance. They also provide a grim warning to the Reagan Administration of the dangers of failing to communicate the true trends in the balance and of drifting into using assessment of the strategic balance as a method of political prophecy.

A. THE PROCESS OF PROPHECY

During his four years in office, Secretary Brown's balances did a good job of serving the Carter Administration's political needs. The Secretary issued five major sets of balances, and each met an immediate political need. The first, which was presented in his FY 1979 Annual Report, was an extension of the ICBM vulnerability data which Secretary Donald Rumsfeld had presented in his last Annual Report in FY 1978.[1] It differed from Secretary Rumsfeld's balances, however, in that the assessment showed the results of a war game based on a counter force exchange following a Soviet first strike on U.S. ICBMs, and in the fact that U.S. intelligence had sharply revised its estimates of Soviet accuracy and MIRVing upwards during 1978. As a result, Secretary Brown's FY 1979 balances dramatized the growth of U.S. ICBM vulnerability, the Soviet threat, and the growth of Soviet superiority in such an exchange. This served the purpose of selling the FY 1979 defense budget, in an environment where the Administration lacked competing higher priority policy objectives.

By the following year, however, the situation had changed in several important respects. First, the USSR was being projected to improve its capabilities even more quickly than U.S. intelligence had projected the previous years. Second, the Carter Administration was now faced with the need to justify its defense program, not simply criticize the previous Administration. Third, momentum was gathering behind the SALT talks, and fourth, the Administration was having so much trouble with its strategic force improvement programs—such as the B-1, Trident, and MX—that it had to demonstrate success. As a result, Secretary Brown kept approximately the same methodology in his FY 1980 report that he had used in his FY 1979 report, but altered the scale for the comparison of relative force size, increased the effectiveness of some U.S. programs, and accelerated their initial operating capability (IOC). While this kind of juggling did alter the meaning of the balances, it was more or less legitimate, given the uncertainties then current regarding U.S. force improvement programs and the developments taking place in the Soviet threat.

However, the Secretary's FY 1979 and FY 1980 balances were scarcely the prophecy the Carter Administration wanted to communicate after the summer of 1979, when it began to try to persuade the Congress that the U.S. strategic programs were adequate and that the Senate could safely ratify the SALT II accords. As a result, both the Secretary's SALT II testimony of July 1979,[2] and his FY 1981 Annual Report, presented balances which contained major changes in methodology and presentation. Their effect was to support SALT II and the Carter Administration's political need to justify its efforts to limit defense expenditures. This shows up clearly in the SALT and FY 1981 balances in Table I in the sudden "improve-

[1] Footnotes at the end of the article.

ment" in the capabilities of the U.S. relative to the USSR in the outyears, and the virtual elimination of a period of U.S. strategic inferiority.

By the time the Secretary issued his last set of balances, in his fiscal year 1982 Annual Report, the Soviet Union had invaded Afghanistan and President Carter had been defeated in his attempt to gain reelection. As a result, the Secretary's task became largely valedictory. He had to justify both the choice of an MX program and the overall level of Carter strategic force improvement programs relative to the Soviet threat. He had to show that SALT II would be better than no SALT II, and that the Administration had not miscalculated the value of the Treaty in view of the changed American attitudes toward the USSR that followed the invasion. His last set of curves in Table I clearly serves that purpose.

B. THE ANALYTIC IMPACT PRODUCING PROPHECY TO PLEASE

Up to a point, such politicizing of the balance was good clean fun. No previous Secretary of Defense had failed to use his Annual Reports for political purposes, and many had failed to provide anything approaching the amount of information Secretary Brown provided. However, two aspects of Secretary's Brown's prophecies were deeply disturbing:

First, no other Secretary of Defense had seriously had to cope with the prospect of U.S. strategic inferiority. Such inferiority was always a distant theoretical prospect at worst until Secretary Rumsfeld's last year in office. This should have changed the rules behind politicizing the strategic balance. It should have meant that the overriding concern should have been communicating the risks inherent in the trends in the balance, with and without SALT II, and the adequacy of the nation's defense budget.

Second, Secretary Brown's staff went much further in manipulating the balance than had been the case in the past, and did so in ways that took exceptional advantage of the media and Congress's lack of technical background and of the almost automatic credibility the Secretary had as the nation's chief defense spokesman. In the process, six major distortions of the analytic process were used: Failure to define terms properly, failure to state assumptions, manipulation of the method of comparison failure to define the method being used, use of undefined shifts in the scale and measures used in portraying the balance, and manipulation of the scenario. These distortions allowed the Secretary of Defense to give the impression that he was providing a highly quantified and explicit picture of the strategic balance when he was actually issuing carefully tailored propaganda that went far beyond the normal limits of political gamesmanship.

1. Failure to define terms and State assumptions

None of the text that orginally supported Secretary Brown's five "balances" defined his terms or stated his assumptions. His SALT II testimony, and each of his four Annual Reports, presented the assessments shown in Table One as "black boxes" which had to be taken on faith.

As time went on, however, each successive comparison revealed changes which cast doubt upon the validity of the previous comparisons. The balances did not track from statement to statement, they did not reflect many of the major discoveries of the U.S. intelligence community, and they showed fluctations that simply could not occur in a properly structured analysis. Further, as more and more hard data on the imputs to the Secretary's calculations leaked out, it became apparent that there had to be political motives for many of the detailed failures to define terms and assumptions.

The Frozen Threat

Secretary Brown never stated the assumptions he used in projecting the Soviet threat in any of his balances. The closest he came, and then by indirection, was to present the data on projected Soviet MIRVing shown in Table II, which comes from his FY 1982 Annual Report.

It is clear from the trend for Soviet forces projected in the outyears of the various balances in Table I, however, that the threat was "frozen" at a minimal level of change in FY 1980-FY 1981, when this suited the purpose of supporting the ratification of SALT II, and allowed to "grow" slightly in FY 1982 when it was more politic to dramatize the threat. Yet, even in FY 1982, the curves for outyear threat show that the assessment of Soviet force improvements had to be kept relatively static.

Accordingly, the limited growth of Soviet capabilities in the outyears of all five of Secretary Brown's balances in Table I means that his projections after the FY 1980 balances had to ignore the existence, already detected by the United States, of a new Soviet SSBN, new Soviet strategic air-to-surface missiles with greater range and accuracy, at least two Soviet heavy bomber development projects, new Soviet ICBM and SLBM developments, and Soviet progress in ICBM and SLBM MIRVing. Further, the curves for his SALT II and FY 1981 balances do not seem to reflect then current intelligence on projected Soviet improvements in accuracy for the late 1980s.

The Perfect U.S. Force Improvement Plan

The nature of the U.S. force improvements projected in each comparison of the balance was left equally undefined. It is clear from the sets of curves in Table I, however, that they must assume that all U.S. force improvements come on line exactly on schedule and at 100 percent of projected effectiveness.[3]

Yet even in FY 1980, and particularly by the time Secretary Brown issued the FY 1981 curves, the Secretary had good reason to believe such assumptions were unrealistically optimistic. The Trident submarine program schedule was in deep trouble before the FY 1981 curves were issued, and the Trident C-4 missile had already failed to meet its specification for reliability or accuracy.[4] While the Minuteman upgrade program generally proceeded on schedule throughout Secretary Brown's period in office, it was clear from at least FY 1981 onwards that the MX missile would probably lag badly in deployment, and that the various Titan II upgrade programs had not convincingly answered the question of whether more Titans would fall on the Soviet Union or the United States.

Further, long before he issued his FY 1982 curves, Secretary Brown knew that the cruise missile test program had begun to send clear warning signals that the ALCM would have to be deployed with a warhead which may not function under cold weather conditions; with a guidance system of uncertain reliability, which suffers serious degradation in accuracy and reliability over comparatively flat terrain and snow; and with dependence on up-to-date prestrike mapping capabilities which the United States has not yet been able to develop.[5]

Defining Who Is Alert

Another problem arose from the Secretary's failure to define the different states of alert used in comparing U.S. and Soviet forces. The basis for the various "generated alert" and "peacetime alert" curves shown in Table I, which began in FY 1980, was never explained in any of his documents. The shape of the curves indicates, however, that they were manipulated to use idealized U.S. alert rates which U.S. forces cannot generate in practice.

For example, the U.S. curves seem to sharply exaggerate B-52 availability under both alert conditions, as well as the accuracy the B-52s can achieve with normal avionics availability. The assumptions made regarding the Titan II missile, which furnish more than 19 percent of all U.S. ICBM EMT on 54 single warhead missles,[6] are a combination of availability, accuracy, and reliability that seems ludicrous.[7] Similarly, all the curves for the United States from FY 1980 onward seem to project U.S. SSBN availability at optimal rather than real rates, while assuming a Soviet attacker would make no long-term increases in his rates.

Finally, no explanation is given of the extent to which the USSR is allowed to build up its ICBM readiness, recover bombers, reload missle silos, or take other steps to compensate for a U.S. "generated alert." The curves also suggest that the Soviet Union is somewhat artificially limited in peaking its first strike attack readiness, in using bombers in second strikes, and in reloading missile silos, but this bias is far less clear than the exaggeration of U.S. readiness under various alert conditions.

The Undefined Importance of SALT II

Secretary Brown also never explicitly defined what the SALT II Treaty and Protocols were supposed to constrain, although all his comparisons obviously assumed that SALT II would place major constraints on the Soviet threat. Even his FY 1982 comparisons, which appear to provide his first explicit comparison of the "SALT II" and "no SALT II" cases, actually fail to provide any picture of why the two sets of curves differ and the extent to which the "SALT II" case would actually limit the growth of Soviet forces.

It is clear from the shape of the curves in Table I, however, that the SALT II or "SAL" case had to be projected on the basis that both the Treaty and the Protocols would operate in favor of the United States through 1990, and that Soviet advances in ICBM and SLBM MIRVing, and bomber missile loading, would be limited to the kind of levels shown in Table II. In effect the Secretary had to base all five of his comparisons on constraints that did not formally exist in the Treaty, on continuation of the Protocols beyond their expiration, and on the assumption that the USSR would not improve its warhead loading to anything like the level permitted in SALT II. This is further illustrated in his FY 1982 projections of the trend in Soviet warhead growth shown in Table III and was at best disingenuous.

The SALT agreement limited Soviet strategic force improvements only in very narrow ways. The Treaty set a ceiling of 2,250 on total missile launchers of all types plus heavy bombers, it limited MIRVed ICBMs and heavy bombers with ALCM to 1,320, total MIRVed ICBM and SLBM missile launchers to 1,200, and total MIRVed ICBM launchers to 820. It also limited ICBMs to 10 RVs and SLBMs to 14 RVs

each, and bombers to a maximum of 20-30 missiles if these missiles had ranges of over 600 km.[8] While it set limits on "heavy" ICBMs, these had little practical meaning. The only other major limitation was that one new type of ICBM could be deployed during the life of the Treaty. It was assumed by the United States that this would be a single warhead replacement for the SS-11 in the case of the USSR, and the MIRVed MX in the case of the United States, but no agreement existed to this effect, and the Treaty did not limit improvements in the MIRVing and accuracy of existing missiles.

The SALT II Treaty, therefore, was essentially a limit on delivery systems at a time when delivery system numbers were already far less important than warhead numbers and basing mode. These areas were constrained only by the Protocol, which applied only through 1981. The Protocol banned deployment of mobile ICBMs, development of land- and sea-based cruise missiles with ranges over 600 km, and flight testing and deploying new types of ICBMs. As a result, there were no SALT II limits on Soviet reductions in the vulnerability of their ICBM force or on the growth of Soviet warheads during virtually all of the period covered in the balance in Table I.

The importance this should have had to the Secretary's analysis can be illustrated in a number of ways. For example, the SALT II agreement allowed the USSR to radically change its ICBM basing after 1982, which would have cut U.S. retaliatory capabilities far below the levels shown in Table I. At the same time, the USSR had the option of making massive increases in its ICBM warheads. Even if one uses the Soviet end-1979 force mix[9] as typical of what should have been considred in Secretary Brown's curves, the USSR then had 544 MIRVed missiles with 3,452 warheads out of a total of 1,398 ICBMs and 4,306 warheads. Even if the USSR only increased the number of RVs on its existing MIRVed ICBMs to ten each during the 1980s, this would have allowed it to deploy 5,440 warheads on its ICBM systems and to increase its total ICBM loading to between 6,084 and 6,294 warheads.

Similarly, the USSR had only 1,309 warheads on a total of 989 SS-N-4 through SS-N-18 SLBMs. Only 480 of these warheads were on MIRVed SLBMs, and all were on 160 SS-N-18s, each of which was then credited with a maximum loading of 3 RVs per missile. If the USSR increased only this portion of its SLBM force to 14 RVs each during the 1980s, it would have been able to add more than 1,760 new warheads. This would more than double the total RV loading on its SLBM force to 3,069.

The Secretary should also have considered improvements in Soviet bomber loadings. The Soviet bomber force then consisted of 100 TU 95 Bear and 40 MYA-4 Bison Heavy bombers, which were estimated to carry a total of one large bomb or air-to-surface missile each, and 62 TU-26 Backfires with two ASM each. As a result, U.S. estimates credited the Soviet bomber force with about 140 warheads in analyzing the SALT II case because only Soviet heavy bombers were counted in the Treaty. Given the fact that the U.S. planned virtually no air defense and since the USSR does not need long-range ALCMs to penetrate U.S. defenses, the SALT II agreement would not have prevented the USSR from increasing the loading of its existing heavy bomber force with 8 short-range missiles per airplane by the mid-1980s. This would add 980 additional warheads to the existing Soviet force mix and raise the total warhead loading on the bombers to 1120.

Even a very conservative estimate of the "limits" imposed by the SALT II agreement would have indicated, therefore, that the USSR had the option of raising its total warhead number from 5,755 to 10,273 without varying its force mix. Improvement of the force mix, however, seems to have been a credible risk to consider in 1979, since U.S. intelligence had detected five new Sovit ICBMs under test, development of two new heavy bombers, testing of a new ALCM, and development of two new SLBMs. Indeed, even these figures are modest, for the SALT II agreement theoretically allows the USSR to deploy well over 17,000 warheads if it should choose to go for the maximum permitted loading of SLBMs and bombers. As Senators as diverse as Jake Garn and George McGovern pointed out at the time, SALT II only channeled the direction Soviet force improvements could take; it did not constrain the size or capability of Soviet forces.

Unthinking the Undefined

There is no way to tell how many similar problems existed in the definitions and assumptions Secretary Brown used in issuing the balances shown in Table I, since they cannot be traced because they involve individual weapons systems or intelligence projections whose character is classified, and whose sensitivity is buried in the aggregate curves. It is clear from the previous problems, however, that Secretary Brown's selection of definitions and assumptions had a political loading that hardly can have been coincidental. They were almost certainly chosen to show that the Carter Administration's force plans would "fix" the strategic balance. They were chosen to minimize any conservative challenge to SALT II that argued it might leave the United States weak, and they systematically exaggerated the importance of SALT II.

Ironically, however, this failure to define his terms and assumptions may partly have backfired. It led many conservatives and analysts outside the Defense Department to focus exclusively on the near-term "strategic bathtub," or the period of U.S. vulnerability and inferiority in the early 1980s, shown in Table I. These commentators ignored the longer-term problems the United States faced because none of the Secretary's balances examined the options the USSR was developing to increase its superiority after the mid-1980s, and because Brown's supporting text failed to highlight the uncertain credibility of the U.S. force improvements necessary to produce the swings in the balance back in favor of the United States.

2. Manipulation of the method of comparison and failure to define the method being used

The term "GIGO," garbage in—garbage out, describes a common analytic problem, but it ignores the questions of how valid the model is and whether the computer or data processor actually works. Poor models are as common as poor data and assumptions, and this characterizes a further set of defects in the balances shown in Table I. A historical comparison of the details of Secretary Brown's balances show they suffered as much from manipulation of the method of comparison, and from the failure to define the method being used, as they did from the failure to define terms and use realistic assumptions.

Turning Modeling Into a Shell Game

In fact, if it were not for the political motives behind the differences in the curves shown in Table I, they would indicate an amazing indecisiveness in U.S. strategic modeling. Although Table I provides five sets of curves, the same method of analysis is used in only two years, FY 1979 and FY 1980. These two years mark the transition from Secretary of Defense Donald Rumsfeld to Secretary Brown. The remaining sets of curves in Table I show that Secretary Brown never used the same model twice in any of his balances and constantly changed terms, measures, models, and methods.

However, the reasons for this "indecisiveness" become clear when these shifts in methodology are analyzed in terms of the broad political rationale for the shifts in Brown's balances discussed earlier. Secretary Brown's first sets of balances—those for the FY 1979 and FY 1980 Annual Reports—coincided with the discovery by U.S. intelligence that Soviet missile accuracy and MIRVing rates were improving far faster than had previously been predicted.

As a result, Secretary Brown shifted the methodology in his July 1979 SALT II testimony to compare "warheads." Measuring the balance in terms of "warheads" had the political advantage that is was the one area where the United States retained a major lead over the USSR, and was the area where the ALCM, U.S. SLBM force, and MX would produce the sharpest and quickest force improvement in future years. Further, by assuming Soviet MIRVing constraints that did not actually exist in either the SALT II Treaty or Protocol, the warhead measurement gave SALT II the greatest effect.[10] It is also interesting to note that Secretary Brown omitted the index marks from the vertical axis of his graphs. Although there is no way to be sure, this indicates he may have used a scale designed to exaggerate the shift toward U.S. superiority after 1986.

These aspects of the SALT II testimony curves drew so much hostile attention from publications like the Armed Forces Journal[11] that Secretary Brown introduced yet another method of comparing the balance in his FY 1981 report. He ceased to compare the relative force size on each side, and issued comparisons based on relative advantage. He again, however, omitted any scale marks on the vertical axis of the graphs in FY 1981, and made it almost impossible to assess what the differences between a given U.S. and Soviet curve really meant. Further, he introduced EMT and "generated alert" as new indices in his FY 1981 curves without any supporting explanation and with all the definitional problems discussed earlier.

This new approach to portraying the balance superficially countered the criticism that the Secretary had chosen "warheads" as a carefully rigged measure of the balance in his SALT II testimony. However, it is clear from comparing the SALT II testimony and fiscal year 1981 curves that the Soviet superiority in EMT was reduced by altering the vertical scale of the fiscal year 1981 comparisons. This is reflected in the curves shown in the fiscal year 1981 Annual Report, which are much smaller than the Soviet warhead curve shown in the SALT II testimony. It is equally clear in comparing the fiscal year 1981 curves with the fiscal year 1982 curves that followed, that fluctuations were taking place in the estimate of future Soviet warhead loading used in fiscal year 1981 of a kind that seem impossible to

explain on the basis of any publicly released data on either U.S. or Soviet forces.

As has been discussed earlier, Secretary Brown shifted to a new set of political objectives in his last set of comparisons in his fiscal year 1982 Annual Report. The Secretary was now writing for posterity, and had to balance the mixed objectives of showing the post-Afghanistan Carter hard line on the Soviets, the need for MX, and the value of SALT II. The Secretary finally added such essential methodological benchmarks as a vertical scale for his comparison. In addition, he included an undefined hard target kill measure [12] to warheads and EMT, showed a SALT II and no SALT II case, and added a sensitivity analysis to defend his MX program. The end result was his set of prophecies which came the closest yet to a relatively realistic set of comparisons.

Unfortunately, as will be discussed shortly, even the methodology used in the fiscal year 1982 balances presented major problems. The "SALT II" versus "no SALT II" cases involved dubious (and totally unstated) constraints on Soviet MIRVing that did not logically flow from the current U.S. intelligence on Soviet force improvement activities. They involved shifts in the post-exchange EMT balance under the "no SALT II" case as early as 1982 which needed a full explanation to be convincing, particularly since they did not track with what should have been exactly the same comparisons in the "no MX and no-SALT II" case shown for the MX sensitivity curves.

Further, the Secretary added yet another new measure of the balance in fiscal year 1982, which seems to have been designed to dramatize the impact of his force improvement plans, called "U.S. Retaliatory Potential," which he did not bother to define and did not display for the pre-exchange case. And finally, he suppressed the post Soviet counterforce strike comparison, which again made it difficult to challenge his figures.

Implying a "Real World" Exchange Which Did Not Take Place

This politicization of the strategic balance was compounded during at least part of Secretary Brown's tenure by another major distortion in methodology. As Francis P. Hoeber points out in a recent case study analysis of modeling,[13] the "Relative Force Size" comparisons used in the FY 1979 and FY 1980 balances in Table I depended for their validity not only on honest estimates of forces and force capabilities, but also on using the right target base.

There is strong evidence, however, that the FY 1979 and FY 1980 comparisons did not use a realistic target base. Instead of targeting U.S. forces against Soviet targets and Soviet forces against U.S. targets, both U.S. and Soviet forces were targeted on the Soviet target base. This sharply distorted the results. The Soviet target base differs in numbers, size, hardness, camouflage, and dispersal characteristics. A key difference is that the Soviets have about 1,400 operational ICBM silos and the U.S. only 1,054. As a result, the Soviet Union—which was assumed to be heavily warhead limited in the FY 1979 and FY 1980 comparisons—was forced to allocate two RVs from its most accurate ICBMs against about 500 "U.S." missiles which did not exist. This wasted at least 800 Soviet warheads, and obviously skewed the comparison greatly in favor of the United States.[14]

In fairness to Secretary Brown, he provided a major new approach to presenting the strategic balance in FY 1979, and some problems may have been inevitable. This does not explain, however, why he repeated this error in his FY 1980 report, and seems to have repeated it again in his July 1979 SALT II testimony. By this time, several senior officers on his staff had been repeatedly queried by the press about the problem. It also is not possible to know whether a realistic target base was used in Secretary Brown's FY 1981 and FY 1982 comparisons, or what other shifts, adjustments, and problems exist in his models. Although no conceivable reason exists to classify their methodological and conceptual structure, they have never been explicitly defined. The most one can do is hope that the acolytes behind the oracle improved this aspect of their staff work in FY 1981 and FY 1982.

C. THE ORACLE'S LAST PROPHECY: FISCAL 1982 AS A CASE STUDY

Whatever their faults, the last set of curves in Table I still represent the most authoritative official picture of the U.S. view of the strategic balance. While they are Secretary Brown's last prophecy, their defects are still of critical importance to anyone who must rely on unclassified data to understand the shifts taking place in U.S. and Soviet strategic forces. As a result, it is interesting to examine their weaknesses and problems in detail.

As noted earlier, the FY 1982 curves at least have the merit that for the first time during Brown's tenure they retain many of the previous year's terms and measures. For example, the FY 1982 curves preserved the "warhead" and "EMT" measures of the balance from the FY 1981 Annual Report. However, the Secretary's FY 1982 balances otherwise serve as a case study example of the problems which characterized Brown's previous balances: The vertical scale is changed, and two new measures of the balance are introduced without supporting text: "Hard Target Kill (HTK)" capability and "Retaliatory Potential." The balances after the initial Soviet attack are dropped, and new sensitivity analyses are introduced without proper definition or supporting explanation.

Equally importantly, although the Secretary appears to use the same methodology in FY 1981 and FY 1982, the curves show detailed differences that indicate this may not be the case. The pre-exchange curves for FY 1981 and FY 1982 balances, for example, show significant differences. If the methodology has not been changed, then the U.S. seems to have a remarkable inability to measure the current strategic balance or to estimate outyear trends, which is far more serious than any SALT II verification problem.

I. Interpreting the fiscal year 1982 prophecy

The FY 1982 Annual Report is also as ambiguous as ever about what Soviet and U.S. force improvements are included in calculating the balance, the target base, the assumed changes in defense, and a host of other critical inputs and assumptions which will shape the future of U.S. security. Yet, although this aspect of Secretary Brown's last balances is as Delphic as ever, it seems possible to explain part of the prophecy. The Secretary seems to be including and excluding the following factors:

Underestimating the Soviet ICBM Threat

Only the known Soviet ICBM configurations shown in Table II are counted in estimating the balance. MIRVing is limited to the types and modifications of Soviet ICBMs mentioned in the FY 1982 Annual Report. The new Soviet ICBMs now under development are not fully integrated into the estimate of increasing Soviet capabilities in the outyears. No improvement is assumed to take place in Soviet ICBM basing to match the U.S. MX program, although the possibility of a mobile ICBM such as the SS-16 or a successor is mentioned elsewhere in the text of Secretary Brown's FY 1982 Annual Report. The USSR neither attempts to maximize its ICBM warhead loading to the level permitted by the SALT II Treaty, nor takes advantage of its current ICBM development programs in either the SALT II or non-SALT II cases. As a result, the only increases in the Soviet ICBM threat come from the deployment of more missiles and/or warhead deployments on existing types, except for an undefined replacement of the SS-11.

Freezing the Soviet SLBM Threat

The Soviet SLBM threat is highly constrained in both the SALT II and non-SALT II cases. The curves shown in Table III indicate that both Soviet ICBMs and SLBMs are assumed to increase their RV loading, but this seems to reflect shifts in the warhead package on the SS-18 and SS-19 SLBMs (three MIRVs per SLBM versus one RV on the SS-N-8, and a maximum of three MIRVs on the SS-N-6 Mod 3). Improved variants of the SS-N-6, SS-N-8, and SS-N-18 are evidently not included in the count in Table I, nor do the comparisons allow for the deployments of new SLBMs such as the SS-NX-20 now under test for deployment on the Typhoon submarine.

Exaggerating the Effect of SALT II

These assumptions regarding the buildup of Soviet ICBM and SLBM and warheads exaggerate the impact of the "SALT II" versus the "no-SALT II" balance almost as much as does the assumption that the United States can go to relatively invulnerable ICBM basing and the USSR will not. Without these assumptions, the USSR could build up its warhead strength and capabilities at virtually the rate it can produce warhead material and improve its present RV and guidance packages. These sets assumptions seem extraordinarily improbable given the past rate of buildup in Soviet strategic forces.

Ignoring the Probable Soviet Bomber and Cruise Missile Threat

The FY 1982 curves also seem to assume the present Soviet bomber force and weapons loading without Backfire, only limited improvements in Soviet ALCM capabilities and bomber loading, and no deployment of any of the new Soviet heavy bomber types now under test. Soviet bombers are evidently not allowed to generate to maximum "one shot" peak rates before the initial Soviet attack or to reduce the vulnerability of their disperal basing during 1980-90. No Soviet use of SLCMs to parellel U.S. deployment of the Tomahawk is included.

No Major Improvements in Soviet Strategic Defenses

Neither side is assumed to make any improvements in ABM defenses through 1990, although Secretary Brown does state elsewhere in his Annual Report that the Soviet ABM systems will be upgraded. It is assumed that all such upgrading will be confined through 1990 to the defense of Moscow and to improve Soviet attack characterization. Judging from other portions of the Secretary's text, the development of Soviet "look down-shoot down" fighters, and new SAMs like the SA-X-10, is assumed to improve Soviet air defenses. However, the deployment of the ALCM and the B-52 up-

grade program is evidently assumed to offset this and even slightly increase the estimated delivery percentage and hard target kill capabilities of U.S. bombers. Finally, U.S. active defenses are assumed to improve, but to have only token effect. These assumptions seem somewhat more valid than those made regarding Soviet offensive forces, but they are based on rigid Soviet adherence to the ABM Treaty, a still very uncertain B-52 improvement and ALCM program, and no deployment of space weaponry through 1990.

Currently Programmed U.S. Force Improvements Are Perfectly Implemented

Although some adjustment may have been made in FY 1981 curves for the United States in order to reflect the initial delays in the Trident program, the U.S. side of the FY 1982 curves again seem to assume perfect deployment of the Carter Administration ALCM and MX programs. This would be particularly unrealistic in the case of the MX. It also appears to have led to use of the ALCM in the counterforce retaliatory mode against Soviet ICBMs in the FY 1982 exchange curves. The resulting count seems to exaggerate the operational accuracy and reliability of the ALCMs to about twice its real world level, and assumes too fast a rate of real world deployment. More importantly, it assumes the Soviets would ride out a "slow" U.S. ALCM attack on Soviet ICBMs and bases. The "ride-out" seems exceedingly unlikely given Soviet doctrine and C^3I capabilities.

Exaggerating U.S. Readiness and Alert Capabilities

The FY 1982 curves also seem to exaggerate or misstate U.S. readiness capabilities and options. They assume that two-thirds of all U.S. SLBMs are at sea, survivable, and fully operational and on-station. This seems distinctly unrealistic, given the present readiness problems with the Poseidon SSBN, and the probable stretch-out of the Trident SSBN deployment program. They evidently assume a 30 percent bomber alert rate, and total bomber availability and alert rates which almost certainly cannot be achieved with either the existing B-52 or its presently-planned upgrades. They thus demand a level of performance that can only be achieved with a new U.S. strategic bomber, but provide no basis for estimating the importance of such a system.

The FY 1982 curves also seem to depend to an unknown degree on keeping the Titan II in service through the end of the 1990s. As was discussed earlier, this skews the EMT curves in favor of the United States because Titan II now provides something like one-fifth of total U.S. prompt retaliatory EMT. Quite aside from the present uncertainty regarding whether the Titan II would actually deliver more of that EMT against the USSR in a real war than against the United States, it scarcely seems a system for the entire 1980s.

Finally, the FY 1982 estimates fail to examine the potential importance of the Trident II missile as well as a new bomber, and the supporting text fails to note that the benefits shown for the MX are not linked to the basing mode selected under the Carter Administration. In short, the new curves—including the MX sensitivity curves in Table I—again fail to provide a balanced insight into the true nature of U.S. strategic force improvement options and capabilities.[15]

D. CONTRADICTION FROM THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF: A PROPHET WITHOUT HONOR IN HIS OWN PENTAGON

These problems in Brown's last balances are further highlighted by the fact that the Chairman of the Joint Chiefs seems not only to have a radically different view of the strategic balance but to be planning with a fundamentally different count of U.S. and Soviet forces. As Table IV shows, General David C. Jones uses substantially different measures of pre-attack force strength and of warfighting capability in his FY 1982 Military Posture Report.

In fact, General Jones' "prophecy" for fiscal year 1982 fully agrees with that of Secretary Brown in only one set of figures: Chart A-2 in Table IV. In this case, however, the Chairman seems to be analyzing the strategic forces of two countries completely different from those being compared by Secretary Brown. In fact, the slopes of the Chairman's curves for EMT, hard target kill potential, and warheads (weapons) are so different from those of the Secretary that they raise the Dr. Strangelove-like spectacle of two chief war planners on the same side who never talk to each other. How, for example, can the Chairman's picture of EMT show so many fewer changes in the trend line and reflect a different force ratio? How can Jones and Brown have such different estimates of the relative numbers of pre-attack weapons?

1. A different war to a different drummer?

The Chairman's and the Secretary's curves for the outcome of a counterforce exchange are even more different, but this may be slightly more excusable. Secretary Brown seems to be comparing the outcome of a straight counterforce exchange, and General Jones states that he is portraying a counterforce exchange involving the targeting of ICBMs plus "a specified percentage of the remainder of the opponent's target system." This could lead to some differences, although they should normally be minor.

General Jones also compares U.S. and Soviet forces using yet another new measure of the strategic balance. His curves compare "Discretionary Force Potential" rather than warheads, EMT, or retaliatory potential. Unlike Secretary Brown, however, General Jones defines his terms:

"DFP indicates the extent to which an arsenal achieves or exceeds its targeting goals against the opposing system. Planners can allocate weapons not required to meet initial targeting goals at their discretion to hedge against unexpectedly poor system performance, to maintain a reserve force, to target another opponent, or to meet other requirements not included in the initial targeting goals."[16]

This definition would seem to mean the number of warheads or nuclear weapons left over after the U.S. and Soviet exchange. If not that, it would seem to mean EMT. This however, does nothing to explain the differences between Jones's and Brown's views of the post-attack balance.

2. The chairman's different view of Salt II: Choice of analyst is more important than the choice of treaty

It is equally difficult to understand how the nation's two chief defense officials could differ so much over the impact of SALT II. General Jones uses a SALT II-constrained version of the Soviet threat, and this should logically be the same one as Brown uses. However, Jones shows a current U.S. inferiority which continues through 1989. In contrast, Brown's curves show continuing U.S. superiority in warheads from 1980 to 1990. Brown's EMT measure, in contrast, is far more pessimistic that Jones's comparison, and neither of Brown's "no SALT II constraint" comparisions for warheads and EMT track with the various comparisions set forth by General Jones.

The implication of these differences is that whatever the risks or advantages of SALT II, the details of the Treaty are far less important to the strategic balance than a U.S. defense planner's choice of a particular analyst, or model. In fact, given the lack of any apparent political motive to explain most of the detailed differences between the Brown and Jones curves, one might well conclude the SALT II is so unimportant that it falls into the analytic "noise level" between the Secretary of Defense's office and that of the Chairman of the Joint Chiefs.

So, for that matter, does the use of a device called the calendar. Note that the "knee" or major turning point in Secretary Brown's curves occurs in FY 1986, but that in General Jones' curves it generally occurs in 1985. One has to assume our two senior defense officials were working from different U.S. force plans in drafting their FY 1982 reports, and the change in the slope of the curves in Tables I and IV indicates that they were working from very different force plans.

3. The uncertain status of "launch under attack"

It is even more disturbing that the closest one can come to creating analytic "honor between prophets," given the chaotic differences between the nation's top defense officials, is to assume that Secretary Brown is basing all his comparisons on a Launch Under Attack (LUA) strategy.[17] This could explain away many of the differences between their fiscal year 1982 balances, although it seems politically and militarily unlikely. General Jones is also very careful to note that "The U.S. has no policy that assumes or requires launch under attack," although, "the fact that the LUA option is available weighs heavily in any Soviet deliberations on the advisability of a pre-emptive strike."[18]

It may weigh a lot more heavily on Soviet planners in the future, however, if they take the fiscal year 1982 differences between major U.S. prophets seriously. This seems particularly likely because General Jones provides four different public assessments of the theoretical value of LUA. If he is not tacitly advocating that LUA become U.S. policy, he certainly is sending the wrong set of signals.[19]

4. The difference in analytic approach

In fairness to General Jones, however, it should be noted that he is generally more careful to follow the rules of analysis than his former Secretary. He does show the Secretary's tendency to omit the vertical scale on his charts, and introduces a whole new logarithmic scale on his static force ratios. Yet, he does state many of his assumptions. He shows the gap in prompt hard target kill capability. He defines the general nature of his assumptions regarding the growth of the Soviet threat. He specifically mentions omitting Backfire in his war outcome comparisons. He states that he assumes perfect C^3I on both sides (which, incidentally, is the only reason the LUA case favors the United States). He mentions that the USSR may well deploy further force improvements which would make his curves shift radically

in favor of the USSR, and he warns that "The prospect of a 'runaway' Soviet build-up in strategic arms is of some concern." [20] In short, General Jones at least supports his comparisons with a bare minimum of proper definition and supporting text.

E. LOOKING TOWARD FISCAL YEAR 1983: THE NEED FOR REALISM, NOT PROPHETIC REASSURANCE

Although Secretary Brown has left office, the problems in his balances have more than academic importance. If the United States is to forge a domestic consensus behind increased defense spending, to gain Allied support in deploying improved long-range theater nuclear forces, and implement the kind of extended deterrence strategy set forth in PD-59, the Secretary of Defense must reestablish credibility in predicting the threat and the need for improvements in U.S. forces.

He must provide the most detailed and objective statement of the strategic balance that can be made public without threatening U.S. security. Both the arms control and defense communities must be able to work from some common ground that can be shared with the Congress, the public, and the media. The United States cannot afford either defense budgets or treaties based on official statements which are skewed to serve near-term political interests of a given Administration.

It also scarcely seems coincidental that the U.S. intelligence community has had so much trouble making accurate estimates of the Soviet threat, or that it has continued the pattern of underestimates which Albert Wohlstetter documented so well.[21] The kind of balances Secretary Brown issued over four years do not encourage NIEs that speculate or probe, or projections which full examine Soviet options and actions. They do not encourage honest assessments of the risks inherent in our force improvement plans. They encourage conventional wisdom from the intelligence community that coincides with the political message the Administration is sending in its estimates of the balance, and they make any departure from that conventional wisdom a potential political threat.

This situation should change with the change in Administration. The new Secretary of Defense should provide a real net assessment of the balance, and not simply an oracular political summary. He should explain the Soviet threat and U.S. capabilities in detail, and ensure that the force improvement trends and options open to the USSR and the United States are fully and properly explained. He should communicate with his Chairman of the Joint Chiefs and make him a full partner in this effort. Above all, he should adopt an approach to portraying the balance which is consistent, which is credible, and which does not shift endlessly from year to year. The Secretary should strive to keep his credibility as the nation's defense spokesman.

This is, of course, easier said than done even for a conservative Administration which is committed to increased defense expenditures. It is all too tempting to use information for political rather than national ends.[22] It may be all too tempting, for example, to exaggerate the Soviet threat to justify higher defense spending in FY 1983. Alternatively, it may be equally tempting to return to the Panglossian distortions of Brown's balances if the problems in Trident, the MX, B-1 and ALCM programs continue to grow.

However, any such approach would eventually be disastrous. While manipulations of the strategic balance may initially be ignored even by experts, the media will inevitably discover them in the end. This could deprive a future Secretary of Defense of the credibility he needs at a time when it is of major importance to U.S. national security. Alternatively, if such distortions are not discovered in time, they could seriously hurt U.S. security. The United States was lucky in Secretary Brown's case. It was not legally bound for the SALT II Treaty or the force plans that he attempted to defend, and the political nature of Brown's prophecies never became a vital issue. The next set of manipulated curves could enshrine U.S. strategic inferiority, or produce the same kind of credibility gap that desperately hurt the U.S. defense effort in Vietnam, and from which we are only now recovering.

It seems worth remembering in this respect that some descriptions of the Delphic ritual indicate that every visitor to Delphi saw the motto, "know thyself," on the way to the oracle. Unfortunately, then, as during the last four years, this motto was visible only on the outside of the temple.

FOOTNOTES

[1] See Donald H. Rumsfeld, *Annual Defense Department Report for FY 1978*, Washington, D.C., 18 January 1977, pp.70-76.

[2] The text of the Secretary's SALT II balances is presented in full in State Department Current Policy Document No. 72A, "SALT II-Senate Testimony," July 9-11, 1979.

[3] In contrast, Chairman of the Joint Chiefs David C. Jones' balances, as presented in his FY 1982 *Military Posture* statement, specifically state this to be the case.

[4] These factors led President Reagan to announce on October 2, 1981, a Trident SSBN construction schedule of one per year through FY 1982. There is little chance this schedule will be met.

[5] The deployment of the ALCM recently had to be slipped to 1982. It will have limited reliability through the mid 1980s because of guidance tracking problems caused by weather and foliage effects.

[6] Now, in fact, 52 missiles which are planned to be phased out. See *The Washington Post*, September 24, 1981, p. A13.

[7] EMT or Equivalent Megatonnage attempts to compensate for the fact that the effects of nuclear weapons do not increase in proportion to their explosive yield. There are serious defects in the resulting calculation because it does not take account of thermal or radiation damage and the synergistic effects of all three forms of weapons effects which change significantly according to yield. EMT is normally measured by the formula that EMT equals yield in megatons to the two-thirds power. Although no Titan II missile was ever operationally tested in its final operational configuration, and the one major guidance platform test conducted under operational conditions raised serious doubts about the missile's reliability, each of the 54 Titan missiles carries a single 9 megaton warhead, and they have a cumulative yield of 486 megatons; this is an EMT of 234. In contrast, each of the 450 Minuteman II missiles has a single warhead with a nominal yield of 1.1 megaton each or a cumulative yield of 495 megatons; this is an EMT of 480. The 550 Minuteman III missiles vary in configuration, but are generally credited with a yield of three 170 KT warheads each, or a cumulative yield of 281 megatons; this is an EMT of 506. Accordingly the Titan II provides 19 percent of the EMT shown for the U.S. in the curves in Table I through 1985. Its role after 1985 was never formally defined in U.S. policy documents under the Carter Administration, although Titan II would then have been 23 years old, at least 12 years older than its design life. These problems with its age and reliability led the Reagan Administration to announce on October 2, 1981, that it would be deactivated in the early 1980s.

[8] Each party undertook not to deploy at any one time on heavy bombers equipped for cruise missiles capable of a range in excess of 600 kilometers, a number of such cruise missiles which exceeded the product of 28 and the number of such heavy bombers.

[9] These numbers are taken from Appendix I to John M. Collins, *U.S.-Soviet Military Balance*, McGraw-Hill, 1980, pp. 443-457.

[10] The USSR is permitted to MIRV its SLBM force up to 14 RVs per missile. Secretary Brown's SALT II testimony could only produce the curves shown if the USSR was assumed to make no major improvement in SLBM MIRVing beyond then-tested systems with 6-8 warheads through 1990. Similar constraints had to be applied to Soviet Bomber and ICBM warhead loading.

[11] See Benjamin F. Schemmer, "Pentagon Covered-Up Unprecedented 1978 U.S.S.R. Strategic Arms Build-Up," March 1979, pp. 16-17; Bridget Gail, "Brown's Bewildering Balances," December, 1979, pp. 30-33; and Justin Galen, "The SALT II Debate and the Strategic Balance," October, 1980, pp. 52-70.

[12] Hard target kill capability is generally defined as $HTKP = Y^{2/3}$ (or EMT)/CEP^2.

[13] Francis P. Hoeber, *Military Applications of Modeling: Selected Case Studies* (New York: Gordon and Breach, 1981), pp. 164-169; and Francis P. Hoeber, William Schneider, Jr., Norman Polmar and Ray Bessette, *Arms, Men, and Military Budgets, Issues for Fiscal Year 1981* (New York: Crane, Russak & Co., 1980), pp. 24-27.

[14] The use of a common red target base is cited in Lt. General Kelly Burke, "Quantifying the Strategic Balance: Some Methods and Their Limitations," delivered in a seminar on foreign relations at the Women's Institute for Strategic Policy, Monterey, California, December 8, 1979 (cited by Hoeber, "Military Applications of Modeling").

[15] On October 2, 1981, President Reagan announced a strategic program which clearly demonstrated the importance of the problems Secretary Brown ignored in his balances. This program:

Slipped the IOC for the squadron strength deployment of the ALCM to 1982.

Announced that the U.S. would build at least 100 B-1 bombers, build a "stealth" bomber in the late 1980s, and withdraw the aging B-52 (D).

Announced the U.S. would initially deploy only 100 M-X in Titan II and Minuteman silos while studying a mix of super hard silos, airborne launch and ballistic missile defense.

Stated that Titan II would be deactivated in the early 1980s.

Slipped the construction rate of the Trident SSBN to one per year through FY 1987.

Announced deployment of the Trident D-5 missile beginning in 1989.

Announced deployment of strategic nuclear SLCM on U.S. attack submarines in the mid-1980s.

Announced a strengthened civil defense and continuity of government program.

Announced an improved C^3I system.

[16] *U.S. Military Posture for FY 1982*, p. 26.

[17] Those readers who are not familiar with Launch Under Attack may not be aware of the importance of General Jones' assumption regarding perfect C^3I on both sides. Soviet attack characterization and C^3I systems are now much more capable, reliable, and survivable than those of the U.S. The USSR also benefits massively from the fact it is the attacker. It would take a minimum of five years to bring U.S. capabilities to the point where the U.S. could reliably characterize an attack and properly execute it under Launch Under Attack conditions. Some of these improvements are already programmed, but many are not, and even when deployed, some will then be vulnerable to credible advances in Soviet countermeasures and space capabilities. Accordingly, if the U.S. launched under attack, this would both impose unacceptable false alarm risks and probably degarde U.S. post-exchange capabilities at least through FY 1986.

[18] *United States Military Posture for FY 1982*, p. 29.

[19] The new C^3I program President Reagan announced on October 1, 1982, has many factors that indicate the United States is now pursuing an LUA option.

[20] *United States Military Posture for FY 1982*. p. 30.

[21] Albert Wohlstetter, "Is There a Strategic Arms Race?" *Foreign Policy*, 1974, No. 15, pp. 3-20, and "Rivals, but no 'Race'," *Foreign Policy*, 1974, No. 16, pp. 48-81.

[22] The Department of Defense did, in fact, alter the official U.S. estimate of Soviet ICBM accuracy. By using a lower estimate of accuracy than the one agreed to as the best estimate by CIA and DIA, it made U.S. ICBM survivability in silos seem far greater than the evidence actually indicated. See

Robert C. Toth, "Officers say Weinberger 'Fudged' Defense Estimates of Russians," *Los Angeles Times*, October 7, 1981, p. 27.●

ACKNOWLEDGEMENT OF LETTER FROM PHILLIP B. HEYMANN, ASSISTANT ATTORNEY GENERAL

● Mr. MOYNIHAN. Mr. President, On March 11, 1982 at the end of the debate on the Resolution of Expulsion of Senator Williams I remarked on conversations and correspondence I had had with members of the Justice Department concerning transcripts of conversations between Mr. Mel Weinberg and Mr. William Rosenberg in which my name and that of Senator Javits figured.

At that time I stated that I had not received a reply to two letters I had sent the then Assistant Attorney General in Charge of the Criminal Division, Phillip B. Heymann. I said:

So far as memory serves, I never even received a reply to my letters to Professor Heymann. It may be that letters came and got lost in my office maze; this does happen. But not often.

Mr. President, Professor Heymann did reply to my letters and his answer dated February 24, 1981, was in fact lost in my office maze. I take this occasion to correct the record and to apologize to Mr. Heymann who is now a professor at Harvard University Law School.●

J. B. HOY

● Mr. LUGAR. Mr. President, I am pleased for this opportunity to say a few words on behalf of J. B. Hoy, a resident of North Webster, Ind., who has made the promotion of friendship throughout the Nation a high personal goal.

Mr. President, the merits of Mr. Hoy's work in this area and the strength of his convictions have already been recognized on a State and local level. In 1976, the Indiana General Assembly passed a resolution supporting Mr. Hoy's friendship proposal calling for a "Rose for Friendship Week." Since that time, his work has drawn additional support from several mayors.

Today it gives me great pleasure to submit a resolution signed by all but two members of the Indiana delegation, which recognizes Mr. Hoy's efforts in this national forum.

Whereas, one of the most important aspects to mankind is friendship

Whereas, all too often we forget to thank those around us for their friendship and all that they have done for us; and

Whereas, the rose symbolized the act of friendship; in its larger meaning a "Rose" for friendship can be an act of kindness, a token of rememberance, a compliment or just a friendly word:

Now therefore, We, the undersigned members of the Indiana Congressional delegation commend Mr. J. B. Hoy of North Webster, Indiana President of the Rose for Friendship Society for all he has done to promote the spirit of friendship and good will in our great state and throughout the Nation.

Signed:

Richard G. Lugar, Dan Quayle U.S. Senators; John Hiler, Dan Coats, Elwood Hillis, Joel Deckard, Lee Hamilton, Adam Benjamin, Floyd J. Fithian, Andrew Jacobs, Dave Evans, Members of Congress.●

NUCLEAR WEAPONS BUILDUP

● Mr. PRYOR. Mr. President, the increasing threat of nuclear war, and the public's reaction to it, continue to receive major attention by all of us. One of the organizations emerging as a leader in this field is Physicians for Social Responsibility. This group was founded in the early sixties and continues today to inform and challenge us with its findings.

Recently this organization held rallies in various cities in Arkansas protesting the buildup of nuclear weapons. Two of the leaders were interviewed on the Arkansas Educational Television Network: Dr. Jonathan Fine of Boston, an internist who is chairman of the national executive committee, and Dr. James Adamson of Little Rock, a specialist in pulmonary medicine who is a member of the Arkansas chapter of Physicians for Social Responsibility.

Extracts of that interview were then printed in the Arkansas Gazette on Sunday, April 25. These two doctors make pertinent and essential points on the subject of nuclear weapons, and I request that a copy of this interview be printed in the RECORD.

The interview follows:

[From the Arkansas Gazette, Apr. 25, 1982]

DOCTORS SAY NUCLEAR WEAPONS BUILDUP IS MADNESS

(Physicians for Social Responsibility held rallies in various cities in Arkansas last week protesting the building of nuclear weapons. Two of the leaders were interviewed on the Arkansas Educational Television Network last night—Dr. Jonathan Fine of Boston an internist who is chairman of the national executive committee, and Dr. James Adamson of Little Rock, a specialist in pulmonary medicine who is a member of the Arkansas chapter. Here is an extract of that interview.)

Q: Dr. Fine, your organization is not new is it?

FINE. It was founded in the early 1960s. You may recall that the imminent danger then was pollution of the atmosphere with radioactive material from atomic testing. We pointed out the health consequences, and under President Kennedy, following a mass movement, the testing was ended.

Q: How large is it?

FINE. Now there are about 13,000 physicians who are active members. Some are medical students, some are dentists but most of them are graduate physicians throughout the country . . . about 200 new members a week. We've been reactivated only in the last two and one-half years. We had about 200 members then.

Q: Dr. Adamson, how many members are there in Arkansas?

ADAMSON. Forty or 50 now. Seems to be growing rather quickly and I think in a short time we'll have double that number.

Q: We're used to seeing very young doctors in these protest movements but you are not one of those. How did you get involved in Physicians for Social Responsibility?

ADAMSON. I carried for two of the men who were critically ill because of being injured in the Titan Missile accident two years ago. I got to realizing that I needed to make a commitment, that this was a problem. We could have easily had a (nuclear) explosion with that accident, and somewhere there had to be a way to express myself.

Q. Dr. Fine, you've come a long way to be here. What kind of a message are you bringing?

A. I think if we continue on the path we're on, and the Soviets continue building more nuclear weapons, that sooner or later we're going to have nuclear war. It's unavoidable. Deterrence has worked for 37 years but when it fails it will fail catastrophically. The new weapons are especially dangerous on both sides of the Iron Curtain because they have first-strike characteristics, so we have to stop building them. We, as physicians, have been pointing out that there will be no winning or surviving of nuclear war, and, in fact, we won't be around, whether it's in Little Rock or Boston or New Orleans. 80 to 90 per cent of doctors and nurses and hospitals will be wiped off the face of the earth. There will be tens of thousands of burn victims—people with crush injuries and unimaginable other problems, acute radiation sickness. They'll have nowhere to go and it's going to be the same thing all across this country, Western Europe and the Soviet Union. We don't know when this is going to occur. Even if you think it's a 1 per cent chance a year—and there are a lot of people in this country that think it's a good deal more than that—that's a 63 per cent certainty within a hundred years mathematically. So we've got to stop this madness of increasing the number of nuclear weapons that nobody wants since they never could be used without bringing the end, essentially. We have to find better ways to defend our country.

Q: Is this an effort to try to get the United States to unilaterally disarm?

ADAMSON. I don't get that impression at all. Just to amplify, 60 percent of our population lives in an area of 18,000 square miles. 300 one-megaton bombs could destroy 60 per cent of our population. The Soviet Union has 9,000 today. What are they going to do with the other 8,700 weapons? To get back to your question, I don't think we are trying anyway to unilaterally disarm. We're just trying to say, we have enough and let's stop.

Q: But how do you put pressure on the people in the Kremlin? You are free to have your rallies in this country. But some people tried to have a nuclear-freeze rally in Red Square in Moscow last week and they were arrested.

ADAMSON. One aspect that I think that people in this country seem to forget is that the Soviet citizenry has seen devastation of all kinds over the last hundred years. In World War II there were 20 million Russians killed. We have lost 350,000 men in war but we've never had basically a battle here since the Civil War. It's difficult for me to believe that the Soviet people want it. Now I realize that they cannot influence

their government in the same way that we can, but their government, they don't want a nuclear war. I believe that they understand that it would absolutely destroy the earth as we know it.

FINE. It's controlled from the top but underneath the surface, they have their internal debates. I had an opportunity to meet with 17 leading Russian physicians on an official delegation to discuss nuclear war, whether it could be avoided and what its consequences could be. They all agreed that it had to be avoided, that they couldn't win a nuclear war with us nor could we. The chief physician in that delegation was Brezhnev's personal cardiologist. He went back and his government allowed him to go on national television and tell that same message to the Soviet people. Nuclear missiles are a common enemy that threaten the survival of both nations. Now we were allies with the Russians not so long ago against a common enemy and we've got to find a way of allying with them to get rid of these weapons now for the survival of both nations. That doesn't mean we have to agree with them on the lack of freedom of speech in their country, or the way they treat their people internally—I thoroughly disapprove of all that. But on this, I think, we see things the same way, we just have to get to the negotiating table and work it out. To do that in the United States, we the people have to tell our leaders that we want them to do that.

Q: It's just hard to imagine that the Russian leaders feel that way because of the moves that they have made. President Carter, in 1977, tried to get them to make massive reductions in nuclear weapons and they said no. Their actions speak louder than words.

ADAMSON. I think we have a problem in this country where we ascribe to ourselves all the good motives and ascribe to the Russians everything evil.

Q: There's parity certainly in weapons but no parity in attitude, and I think that's what disturbs a lot of American people—Russian activities in Africa, Cuba and Afghanistan and the violation of the Helsinki Accords.

FINE. The point is we can't use nuclear weapons in those conflicts. We know that. We can bluff that we'll use them, but we can't use them. We're wasting our money as well as risking that we could get sucked into a nuclear war. We've got to build a sensible conventional weapons system. These aren't weapons of war; they are weapons of mass destruction. They don't help us in Afganistan, they haven't helped us anywhere else. They just threaten the world's survival. The Soviets understand that, too, and it really puzzles me profoundly that we're gone on this way. We haven't even renounced first-use of nuclear weapons. It is time we did that. There were four distinguished Americans recently, including George Kennan, who suggested that we renounce first-use because as long as we maintain first-use, aside from the morality issue which is a pretty profound one, we are making nuclear war more likely because if the Russians know we might strike first in some situation with nuclear weapons, they have to be prepared to do the same.

Q: Are you, Dr. Adamson, in favor of both a freeze and the renunciation of first-use?

ADAMSON. Secretary Haig and others have said that we cannot play our hand completely and say that we will never use these weapons unless we are struck first, that we've got to have that option. Well, perhaps, politically if that's what's necessary—and I don't feel like I have enough knowledge to say that—then perhaps we should keep that option if for no other reason but to keep the Russians a little off balance . . . as far as the freeze is concerned I'm very much in favor.

Q: Wouldn't it be better from the United States point of view to let us catch up a little bit before the freeze?

ADAMSON. I can't follow that reasoning. We'll never stop if we continue with this. I really believe that there is parity. I think that we can destroy the Russians and they can destroy us and it makes no difference whether we have one more weapon. With the number of weapons that we have today, we are capable of destroying the world.

We are capable of doing that right now. Not a week from now but right now, and it's got to stop.●

OLDER AMERICANS MONTH: A TIME FOR REFLECTION

● Mr. JACKSON. Mr. President, this month—May—is set aside as "Older Americans Month." It is a time for us to pause, reflect, and to give recognition to the Nation's senior citizens.

Older Americans are a great national resource and should be viewed as an enormous reservoir of talent, knowledge, and experience from which society can draw.

One of the biggest mistakes we can make is lumping all seniors into a single category. Some men and women may want to retire and go fishing or whatever at age 60, while others may wish—and be fully capable—to work into their 70's and beyond.

Public policy should be flexible and considerate of the wide-ranging needs and interests of senior citizens.

I might note that senior citizens comprise a minority group in this country of 34 million—and it is growing all the time. It is a minority group that all of us, if we are so fortunate, can expect to join someday.

This year thousands of older Americans participated in the White House Conference on Aging and tried to articulate some of the special interests and concerns of older Americans. They sought to help direct public policy in the future.

One of the leaders in this effort was from my own State of Washington, June Biggar, chairperson of the board of the American Association of Retired Persons. I always have enjoyed working with the association on matters of mutual interest and appreciate the advice and counsel I have received from the membership as well as others.

The Conference put the spotlight on some of the problems facing seniors in America today and laid out sort of a blueprint of the kind of action Congress and the States should take to better life in America for senior citizens.

I think "Older Americans Month" is an excellent time for us to renew our commitment to senior citizens and to focus our attention to their problems.

These are some of my own thoughts in this area:

SOCIAL SECURITY

This is one of America's great success stories. It has lifted millions of Americans from economic hardship and provided a measure of comfort and security. Social security financing must be a commitment to maintain current social security benefits to current recipients, including the minimum benefit.

HEALTH CARE

Access to adequate, affordable health care is a basic human right and is something that we can and must provide in this country. Nothing makes me sadder than to hear of retired couples, folks who have worked all their lives, that have had to sacrifice their life savings in order to cope with a long-term illness. Under existing medicare law, no assistance is provided to victims of a stroke or other disabling illness requiring long-term nursing home care. All assets must first be exhausted. I think that is wrong and cannot support the administration's proposed $3 billion cut in medicare benefits when there are already so many deficiencies in the program. I believe medicare should be expanded to include prescription drugs, eyeglasses, hearing aids, dental care, and other necessary medical assistance.

HOUSING

Safe and affordable housing should also be a basic entitlement for senior citizens in America today. I support efforts to restore the section 202 housing program budget which assists the elderly and handicapped. I support efforts to help older Americans to convert home equity into income without having to sell or move. I am sponsoring a massive housing stimulus bill to spark life into the homebuilding industry which would help all Americans. I hope to see more local, State, and private initiatives to build housing for older Americans. Recently, voters in my hometown of Everett—as well as voters in Seattle—approved bond issues which will mean more and better senior citizen housing. I was proud to be associated with both of those efforts and hope to see many more.

ENERGY

The largest monthly expense for many older Americans is energy and the high cost is forcing many of them to leave their family homes in search of other housing. I am a strong advocate of conservation and weatherization projects as two important means of reducing energy costs. Many senior citizens live in large, older, poorly insulated homes and thus can benefit most from those kinds of initiatives.

Recent studies indicate the elderly and poor use much less energy than any other group, yet spend a much larger portion of their income for it. They are hit especially hard by oil prices—a major reason why I have supported controls on oil and gas prices and opposed the oil import fee which hits persons on low and fixed incomes hardest. I believe we must continue to assist senior citizens who are left with the terrifying choice between food and freezing.

HOME ASSISTANCE

In-home care should be promoted as a viable alternative to institutionalization and can be accomplished by modest expansion of benefits for long-term home care, tax incentives, and expanded home services. In many instances, help with a few simple household chores can mean the difference between living at home and being forced to enter an institution. In the years ahead, I think we can expand and improve access to these kinds of services. I also am sponsoring legislation to cover hospice services under medicare which is an effective, humane substitute to expensive, intensive hospital care.

CRIME

It is unconscionable to me that some senior citizens must live in constant fear for their property or personal safety. I look forward to new initiatives increasing safety and security, promoting community awareness, and assisting victims of crime. I would like to see expansion of the community block watch program to provide voluntary escorts for seniors who feel the need for the added security of a neighbor's company.

TRANSPORTATION

Viable, affordable public transit is essential to the needs of Americans who want to be independent, but have no other means of transportation. Today the public transit system is at a critical stage and the Nation faces questions that will affect the future of transit for many years into the future. We cannot afford to back away from the commitment to provide bus transportation to senior citizens, as well as all Americans.

EMPLOYMENT

I support the right of older Americans to work as long as they wish and are able. I oppose arbitrary retirement ages. I also am sponsoring a Senate resolution in support of the community service employment program which is a cost-effective, efficient, and successful training and placement program for seniors who want to work. I also want to expand opportunities for seniors to assist government and industry, in a part-time advisory capacity.

We have made progress few would have thought possible in the fight to provide dignity and opportunity for senior citizens. As I travel around Washington State, I am ever-more impressed with the success of senior citizen activity centers. We have more than 150 of them in every nook and cranny in the State. They are the center of activity in every community, not just for seniors, but often for the whole community. They provide the added benefit of bringing seniors together with other segments of the community and a greater degree of human understanding is the result.

We live in an ever-changing society and we must be prepared to shift and fine tune our course over and over. But let us always continue to progress and move forward as we consider the needs and interests of America's senior citizens.●

HADASSAH'S 70TH ANNIVERSARY

● Mr. SPECTER. Mr. President, as a cosponsor of Senate Concurrent Resolution 62, I am pleased to participate in today's celebration commemorating the 70th anniversary of Hadassah, the Women's Zionist Organization of America.

When Henrietta Szold, "Pioneer Zionist, Defender of Democracy," founded Hadassah 70 years ago, who dreamt that the organization could ever grow to 370,000 active members who serve thousands of people in both America and Israel today?

Through their determined efforts, Hadassah members have provided invaluable and sustained leadership in the American Jewish community. Hadassah—the largest women's volunteer organization in America—educates its members and the Jewish community on a myriad of issues—ranging from domestic affairs and the civil liberties to the Middle East and the oppressed Jewry of the Soviet Union, Ethiopia and Syria.

Hadassah's endeavors have not been limited to American shores—since 1912, Israel has been blessed by the extensive Hadassah Medical Organization. Anyone who has ever visited Israel recognizes immediately the contribution made by the Hadassah Medical Organization. The Hadassah Medical Organization has, since 1912, been a pioneer in healing, teaching, and research. Hadassah facilities and personnel rank among the best in the world; they provide reassurance to the people of Israel who live under seige. Hadassah has, for many years, followed the Oath of the Hebrew Physician: "You shall help the sick, base or honorable, stranger or citizen, because he is sick."

Hadassah, however, has not limited itself to caring for the bodily ill. Hadassah serves the needy of spirit as well. Hadassah's "Youth Aliyah," is a child rescue movement which has cared about the uncared for. Since 1934, Hadassah has integrated 185,000 young people from 80 countries into Israeli life.

These efforts—and so many others over the last years—represent the commitment of Hadassah to promote social equality.

The word "Hadassah" comes from the myrtle plant—an evergreen. Hadassah, like the evergreen, endures. Hadassah, like the evergreen is ever growing.

Hadassah represents the best of things American—spirited women committed to creating a better society. Could Henrietta Szold have ever imagined the success into which her embryonic organization would develop?

I congratulate the members of Hadassah on their 70th anniversary and am deeply honored to represent the over 23,000 women of Pennsylvania who are members of such an admirable organization.

TO PRESERVE AMERICA'S CLASSICS

● Mr. MOYNIHAN. Mr. President, I rise to take note of a truly noteworthy event. The classics of American literature are about to be assembled in a most exemplary way, the sort of event that surely should bring this Chamber good cheer.

I refer to the announcement that the first four inaugural volumes of a project known as the Library of America have been published. This nonprofit venture will eventually compile, in a 100-volume set, the works of America's most distinguished and treasured authors and poets. In the words of Prof. Daniel Aaron, president of the library, "These books will comprise the American library of last resort."

Last Wednesday, a group of America's best known contemporary writers and figures from the world of publishing gathered at the Pierpont Morgan Library in New York City to mark the commencement of this ambitious project and to note the splendid help being given by the Ford Foundation and the National Endowment for the Humanities, among others.

Mr. President, this attempt to preserve the finest of America's rich literary heritage traces, in part, to a suggestion made by Edmund Wilson to the very distinguished editor, my friend, Jason Epstein. Wilson wrote Epstein that:

> The kind of thing I would like to see would follow the example of the Editions de la Pleiade which have included almost the whole of the French classics in beautifully produced and admirably printed * * * volumes.

The current project promises no less than the most satisfactory achievement of Wilson's dream. Mr. Epstein himself is involved as are other publishers, editors, and writers ranging from Roger Kennedy to Jacqueline Onassis.

Mr. President, I take this opportunity to commend all those involved with "The Library of America" and to wish the project well. We all will, indeed, profit from their labors. I ask that an excellent story about last Wednesday's ceremony at the Morgan Library, written for the New York Times by Mr. Herbert Mitgang be printed at this point in the RECORD.

The article follows:

[From the New York Times, May 14, 1982]

WRITERS HAIL REISSUING OF CLASSICS

(By Herbert Mitgang)

In the Pierpont Morgan Library late Wednesday evening, Eudora Welty, the silver-haired American storyteller, stepped slowly onto a platform before 100 invited guests, including some of the country's most distinguished members of the literary community.

"I shall read one story," she said. "I love stories. And I love this story, 'The Birthmark.' "

For the next 20 minutes, the audience was transported to 1843 by Nathaniel Hawthorne's tale of a beautiful, young wife with a blemish on her cheek and her husband's fatal obsession to remove it. As Miss Welty read toward the end, "The fatal hand had grappled with the mystery of life . . ." the story seemed to emerge as a symbolic statement about human imperfection, intolerance, feminism and marriage, with meaning for the 20th century, too.

This was no ordinary book occasion. Miss Welty was one of four aptly chosen readers—the others were Robert Penn Warren, the novelist, on Harriet Beecher Stowe; Arthur M. Schlesinger, Jr., the historian, on Walt Whitman, and Richard Wilbur, the poet, on Herman Melville—who had come to the great manuscript and print repository at Madison Avenue and 36th Street to celebrate the four inaugural volumes of "The Library of America."

Daniel Aaron, professor of English and American literature at Harvard University, who is president of the Library of America, said: "These books will comprise the American library of last resort."

Eventually, the library will grow to 100 volumes, collecting the works of the nation's foremost authors in authoritative, uniform hard-cover editions. This nonprofit publishing venture is a tale in itself—of early-resistance in some scholarly quarters, of cooperation between university presses holding copyrights and the series' executives for the sake of literary preservation, and of a dream that began more than two decades ago with a letter from Edmund Wilson, the critic, to Jason Epstein, the editor. The letter said in part:

"The kind of thing I would like to see would follow the example of the *Editions de la Pléiade,* which have included almost the whole of the French classics in beautifully produced and admirably printed, then-paper volumes ranging from 800 to 1,500 pages."

Now American readers can have a similar American collection, via two distribution channels, the Viking Press and Time-Life Books. The $25 books will not have to be read before they fall apart.

"They're printed on acid-free paper," said Brooke Vincent Astor at the Morgan ceremony. "Five hundred years from now, when they dig up the books, the literature of America will be here."

READINGS AND INTERPRETATIONS

The first four volumes are Herman Melville's "Typee," "Omoo" and "Mardi," three of his works on the South Seas, edited by G. Thomas Tanselle; Harriet Beecher Stowe's three novels, "Uncle Tom's Cabin," "The Minister's Wooing" and "Oldtown Folks," edited by Kathryn Kish Sklar; Walt Whitman's poetry and prose, embracing "Leaves of Grass" (the 1855 and 1891-92 versions) and "Complete Prose Works," edited by Justin Kaplan, and Nathaniel Hawthorne's tales, and sketches, "Twice-told Tales," "Mosses from the Old Manse," "The Snow Image, and Other Twice-told Tales," "A Wonder Book for Girls and Boys" and "Tanglewood Tales," edited by Roy Harvey Pearce.

Introducing selections from these works, the readers offered the audience a liberal education about the authors and their relevance to the present day.

Mr. Warren, reading from "Uncle Tom's Cabin," in a Deep South accent that has not been lost during his years of living in Connecticut, mocked the critics who said that Mrs. Stowe had lacked a real understanding of literature.

NOT A SECTIONAL BOOK

"She didn't need a Ph.D.—she read all the books she was supposed to as a young lady," he said. " 'Uncle Tom's Cabin' is not a sectional book, not just North and South, but about human relations. Mrs. Stowe played fair; she made Simon Legree a Yankee. She was against racism as well as against slavery."

Reading from Melville's "Typee," Mr. Wilbur called it a natural best seller.

"I mean no detraction," he said, because "it combines adventure, fantasy and escape to an idyllic, delicately erotic place." The novel "denounces the conduct of great nations, inveighs against imperialists, and, at the same time, shows that the Typees could be degenerate and cannibalistic."

Mr. Schlesinger, reading "Crossing Brooklyn Ferry," said that the poet's vision was accurate.

"Whitman, after all, began as a newspaperman," he said.

AUTHORS AT CEREMONY

He pointed out that the poet was making a statement not simply about a river crossing, but also about "the passage of man" and proved it in soaring language.

Among the authors at the Morgan ceremony were Eleanor Clark, Ralph Ellison, Carlos Fuentes, Elizabeth Hardwick, Lillian Hellman, Irving Howe, R. W. B. Lewis, William Maxwell and Charles Ryskamp, who is also the library's director.

Among publishers and editors were Barbara Epstein, Jason Epstein, Lawrence Hughes, Roger Kennedy, Helen Meyer, Jacqueline Onassis and Cheryl Huber, who is executive director of the series.

For backing the publishing program, tribute was paid to the Ford Foundation and McGeorge Bundy and the National Endowment for the Humanities.●

SALUTE TO ELLSWORTH MISSILE WING

● Mr. PRESSLER. Mr. President, recently a missile crew from the 44th strategic missile wing at Ellsworth Air Force Base had the distinct honor of winning first place in the Strategic Air Command's "Olympic Arena" competition at Vandenburg Air Force Base.

Col. Joseph L. Stone, Jr., commander of the 44th strategic missile wing, and his missile combat competition team are to be commended for their top-notch performance in winning the highly coveted Blanchard Trophy during the "Olympic Arena" competition.

I have personally visited the missile sites and launch control facilities at Ellsworth and have had the opportunity to observe firsthand the example of excellence which is so characteristic of the Ellsworth missile crews. The first place finish of Ellsworth's combat competition team provides some much-deserved recognition of the 44th SMW's high caliber.

The citizens of my home State of South Dakota are very proud of the important role played by Ellsworth Air Force Base in our country's defense structure. Local officials and residents of the Rapid City community demonstrated their strong support for Ellsworth and their pride in Ellsworth's achievements by turning out in large numbers recently to welcome the winning team back from the "Olympic Arena" competition.

I join my fellow South Dakotans in congratulating Col. Joseph L. Stone, Jr., and his missile competition team for their exemplary performance in demonstrating the first-rate capabilities of the personnel at Ellsworth. The following individuals were members of the 44th SMW Missile Combat Competition team and deserve special recognition for their accomplishments:

First Lieutenant Ken B., Baier.
First Lieutenant Roger W. Burg.
First Lieutenant Michael D. McDowell.
First Lieutenant Steven R. Prebeck.
Technical Sergeant Arthur W. Avant., Jr.
Staff Sergeant Randy L. Bury.
Staff Sergeant Harold Blalock, Jr.
Staff Sergeant Warden L. Evans.
Sergeant Lee J. Strunk.
Sergeant Michael Skundberg.
Sergeant Michael O. Cloud.
Sergeant Robert S. Rush.
Sergeant James Gorka.
Senior Airman Richard C. Schwartz.
Senior Airman Ronald J. Morris.
Senior Airman Laurie L. Trescott.
Senior Airman Mark P. Koch.
Senior Airman Robert E. Hayden.
Senior Airman Wesley T. Peel.
Airman First Class Raymond E. Hadlock.
Airman First Class Charles E. Hatch.
Airman First Class Paul D. Rheault.
Airman Timothy B. Scott.
Mr. Arnold Gust.

We salute you all.●

RETIREMENT OF DR. OPAL H. MANN

● Mr. HUDDLESTON. Mr. President, recently, one of the U.S. Department of Agriculture's most valued and most imaginative administrators retired after 37 years of dedicated public service.

Dr. Opal H. Mann, who, I am proud to say, is a Kentuckian, was the Deputy Administrator for Home Eco-

nomics and Human Nutrition of the Extension Service of the Department of Agriculture. In Dr. Mann, the Department of Agriculture had found an administrator who had begun her own extension service experience at the age of 8 in Morgan County, Ky. as a 4-H Club member, and who had carried her devotion to extension to the highest levels of government.

Perhaps the most remarkable aspect of Dr. Mann's career was her farsightedness in applying new technologies to the delivery of government services in this important arena. Dr. Mann pioneered presentations via satellite transmission of such things as food and nutrition services. This video communication expanded opportunities for disseminating information and at the same time reduced the burdensome expenses in time and money due to travel.

And her dynamic use of technology was far from a one-way street of taking information to the people. She also devised mechanisms for using these technologies to bring the people to the government, to explain their needs through such vehicles as the National Extension Homemakers Club national survey.

Under Dr. Mann's direction, the Extension Service was brought to the modern age and kept a step ahead with its emphasis on a broad range of services such as energy conservation and family resource management.

Dr. Mann exemplifies the ideal of the dedicated public servant. She entered the Cooperative Extension Service in 1945 as an assistant county home demonstration agent in Breathitt County, and was State program specialist at the University of Kentucky when she came to the national office in 1971 as Assistant Deputy Administrator for Home Economics.

Dr. Mann has never been content to confine her good works to her administrative duties. She has served as adviser to the National Extension Homemakers Council, has authored numerous publications, and has appeared as a speaker before many national groups and organizations.

Dr. Mann and her husband, Arnold C. Mann, plan to continue to reside in College Park, Md., and Dr. Mann plans to continue, in a somewhat more relaxed atmosphere, her interest in and contributions to the Cooperative Extension Service. Her future contributions will undoubtedly be as valued as her contributions during her public career.●

HADASSAH'S 70th ANNIVERSARY

● Mr. BRADLEY. Mr. President, Thursday May 20, 1982, marks the 70th anniversary of Hadassah, the Women's Zionist Organization of America. Along with many of my colleagues I am proud to salute the accomplishments and the spirit of this organization.

This important organization is named for Queen Esther, a woman who dedicated herself to the salvation of the people of Israel. Hadassah has carried on her principles for 70 years, expanding its membership throughout the United States and Puerto Rico. As the largest women's volunteer organization in the United States, Hadassah has assisted thousands—particularly through the health programs it supports—regardless of race, religion, or nationality. Today's members of Hadassah sustain a medical center, the Hadassah University Hospital, where Arabs and Israelis benefit from the most modern health care available particularly the child rescue rehabilitation programs, vocational training and treatment of eye disorders. In recent years, members have also made important contributions to land reclamation efforts in the State of Israel.

The 370,000 members of Hadassah have made lasting contributions to Israel and the United States through promotion of humanitarian causes. The spirit of voluntarism and good will of organizations like Hadassah are an integral part of our Nation and I am pleased to recognize their accomplishments.●

S. 2338—SCHOOL BOARD ADDITION TO ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

● Mr. BENTSEN. Mr. President, I am pleased to join my colleague Senator PERCY as cosponsor of S. 2338, a bill to add school boards to the groups that make up the Advisory Commission on Intergovernmental Relations (ACIR). Although ACIR has a long and distinguished history of effective work in the area of intergovernmental relations, to date no local school district representative has been permitted to participate as a voting member of the Commission.

We can all agree, Mr. President, that school districts are an important—indeed indispensable—element of our intergovernmental network. According to information recently compiled by the National School Boards Association, school districts across this country employ approximately 44 percent of the personnel, and expend 36 percent of the funds utilized by local governments. School districts are found in 49 of the 50 States, and in 41 States act independently of other governmental entities. In my own State of Texas, 1,100 school districts—of which 1,040 are independent—elect more than 7,000 local officials, and employ over 330,000 individuals. Of a total State budget of $26.5 billion during his biennium, $8.1 billion, or nearly one-third is expended under the direction of local school districts.

Clearly, Mr. President, the officials whose decisions guide these districts have a wealth of experience in intergovernmental relations and in the conduct of delicate negotiations with Federal, State and local representatives whose activities impact on school districts. School officials have already experienced substantial dislocation from Federal budgetary reductions and program changes. We hear frequent reports of difficulty in adjusting to new block grants from superintendents who support the concept of greater local control, but would prefer that the mechanics of transferring responsibility be more responsive to their needs.

As we take up the administration's recommendations regarding implementation of the New Federalism, Members of Congress must do all we can to assure a smooth transition to greater local control of revenue sources and the services, projects, and programs they support.

Since the ACIR will continue to be a major forum for debate and decision-making, those who will be asked to assume the transferred responsibilities must be permitted to participate as full voting partners in designing the New Federalism. It would be a mistake to ignore the rich experience of school officials at the earliest stages of deliberation; it would be unfair to force school districts to shoulder the burdens of taxation and service delivery if they are barred from participating in the decisions to transfer those responsibilities.

In closing, Mr. President, I believe we will all be winners if this bill is enacted. The school districts will take their rightful place at the bargaining table; current members of the ACIR will benefit by the expertise these officials bring to the deliberations; Members of Congress will get legislative proposals reflecting the concerns of a wider spectrum of local officials; and, most importantly, the communities where taxes are generated and services provided will enjoy more broad based representation.●

ANNOUNCEMENT OF POSITION ON VOTE NO. 118

● Mr. PRESSLER. Mr. President, on May 14, at 3:04 a.m., the Senate voted on legislative rollcall vote No. 118. It was a tabling motion. I thought it was an up-and-down vote. It was my intention to support the amendment which was tabled by that vote. My vote did not determine the outcome.●

SEVENTIETH ANNIVERSARY OF HADASSAH

● Mr. COHEN. Mr. President, today there will be a ceremony at the White House commemorating the 70th anni-

versary of Hadassah, the Women's Zionist Organization of America.

Founded on February 24, 1912, this humanitarian service organization now is the largest women's volunteer organization in the United States, with 370,000 members in all 50 States and Puerto Rico.

Through the commitment and dedication of its members, Hadassah has made major efforts to promote economic and social justice, and to create a more humane world for all people. Hadassah still maintains the world-famous Hadassah-Hebrew University Medical Center in Jerusalem, Israel. This university is a living expression of the common humanitarian, social, ethical, religious, and scientific values shared between the peoples of the United States and Israel.

As a cosponsor of the resolution congratulating Hadassah on its 70th anniversary, I would like to commend my colleagues to join the White House in commemorating the occasion.●

FIRST CONCURRENT BUDGET RESOLUTION

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I understand that we will now return to another Democrat amendment. That would be to Senator SASSER, who will offer a railroad retirement modification amendment.

Mr. President, I yield the floor.

Mr. SASSER addressed the Chair.

The PRESIDING OFFICER. Just one moment, please.

Will the Senate please come to order. Those who wish to talk, please go to the cloakroom.

The Senator from Tennessee.

UP AMENDMENT NO. 977

(Subsequently numbered amendment No. 1492)

(Purpose: To restore annual cost-of-living adjustments to railroad retirees)

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

Mr. President, I send this amendment on behalf of myself, Senators HEINZ, HAWKINS, KASSEBAUM, also Senator EXON, Senator METZENBAUM, Senator RIEGLE, and a number of other cosponsors from both sides of the aisle.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. SASSER), for himself, and other Senators, proposes an unprinted amendment numbered 977.

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

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

The amendment is as follows:

UP AMENDMENT NO. 977

On page 2, beginning with line 15, strike out through line 21 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,329,200,000.

Fiscal year 1984: $897,031,700,000.

Fiscal year 1985: $972,834,200,000 minus $100,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000 plus $100,000,000.

Fiscal year 1983: $783,629,200,000 plus $400,000,000.

Fiscal year 1984: $832,331,700,000 plus $500,000,000.

Fiscal year 1985: $889,434,200,000 plus $700,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000 plus $100,000,000.

Fiscal year 1983: $115,429,200,000 plus $400,000,000.

Fiscal year 1984: $91,331,700,000 plus $500,000,000.

Fiscal year 1985: $64,434,200,000 plus $700,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,129,200,000 plus $100,000,000.

Fiscal year 1984: $1,420,060,900,000 plus $100,000,000.

Fiscal year 1985: $1,533,295,100,000 plus $100,000,000.

And the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,929,200,000 plus $100,000,000.

Fiscal year 1984: $127,931,700,000.

Fiscal year 1985: $113,234,200,000.

On page 16, beginning with line 1, strike out through line 4 on page 17 and insert the following:

(12) Income Security (600):

Fiscal year 1982:

(A) New budget authority, $255,800,000,000.

(B) Outlays, $251,500,000,000 plus $100,000,000.

(C) New direct loan obligations, $2,800,000,000.

(D) New primary loan guarantee commitments, $17,000,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1983:

(A) New budget authority, $281,800,000,000.

(B) Outlays, $272,600,000,000 plus $400,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000.

(B) Outlays, $288,300,000,000 plus $500,000,000.

Fiscal year 1985:

(A) New budget authority, $333,000,000,000 minus $100,000,000.

(B) Outlays, $309,800,000,000 plus $700,000,000.

On page 26, beginning with line 15, strike out through line 23, and insert the following:

(6) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $102,000,000 and outlays by $457,000,000 minus $400,000,000 in fiscal year 1983; to reduce budget authority by $136,000,000 plus $100,000,000 and outlays by $625,000,000 minus $500,000,000 in fiscal year 1984; to reduce budget authority by $120,000,000 plus $100,000,000 and outlays by $744,000,000 minus $600,000,000 in fiscal year 1985.

On page 28, beginning with line 13, strike out through line 21 and insert the following:

(11) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $514,000,000 and outlays by $1,031,000,000 minus $400,000,000 in fiscal year 1983; to reduce budget authority by $741,000,000 plus $100,000,000 and outlays by $1,230,000,000 minus $500,000,000 in fiscal year 1984; and to reduce budget authority by $815,000,000 plus $100,000,000 and outlays by $1,439,000,000 minus $600,000,000 in fiscal year 1985.

The cosponsors of the amendment are Senators BIDEN, BRADLEY, BURDICK, ROBERT C. BYRD, CANNON, EAGLETON, EXON, FORD, HART, HEFLIN, JACKSON, KENNEDY, LONG, MATSUNAGA, MELCHER, METZENBAUM, MOYNIHAN, PRYOR, RANDOLPH, RIEGLE, ZORINSKY, CHILES, MITCHELL, SARBANES, HEINZ, DURENBERGER, HAWKINS, KASSEBAUM, PRESSLER, and WEICKER.

The PRESIDING OFFICER. There shall be 1 hour equally divided on this amendment under the previous order.

Mr. SASSER. Mr. President, I did not hear the Chair.

Mr. ARMSTRONG. Mr. President, the Senate is almost but not quite in order.

The PRESIDING OFFICER. There will be 1 hour equally divided under the previous order.

The Senate will please come to order so the Senator from Tennessee may begin.

Mr. SASSER. Mr. President, in conformity with an agreement just made with the distinguished Senator from New Mexico, I ask unanimous consent that the time agreement be reduced to allow 20 minutes to the side.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and it is so ordered.

Mr. SASSER. Mr. President, this is a very simple amendment. Let me sum up, if I may, the three points that the amendment covers.

This amendment impacts on more than 1 million railroad retirees across the Nation. First, the amendment pro-

vides money in the budget to permit the 7.4 percent cost-of-living adjustment to be paid to the Nation's 1 million railroad retirees for fiscal years 1982 and 1983.

The cost-of-living adjustment will be paid on July 1, 1982. It also permits a cost-of-living adjustment for railroad retirees at the level of the Consumer Price Index for 1984 and 1985.

Under the budget resolution, the cost-of-living adjustments for 1984 and 1985 are capped at 4 percent. Of course, the budget resolution freezes the cost-of-living adjustment for 1982-83.

If this Amendment is adopted, these cost-of-living adjustments for railroad retirees might be at the level of the 6.5-percent range for railroad retirees in 1984 and 1985.

Indeed, the budget assumption on which this budget resolution is based assumes a 6.5-percent rate of inflation in fiscal year 1984-85.

Second, Mr. President, the amendment provides for full appropriations for the dual benefits received by those railroad retirees who were guaranteed such a benefit when the Congress passed the Railroad Retirement Act of 1974.

The dual benefit goes to railroad retirees who were retired as of 1974 or who at the time of the passage of the act in 1974 had 10 years of work history with the railroad. It was considered that if they had 10 years of work history, their rights vested under the old act and under the law then obtaining.

I might note that when the Reagan administration first attempted to reduce this dual benefit by some 21 percent in 1981, the move was defeated in this body by a vote of 61 to 34. So the Senate has deliberated this matter on a prior occasion and has spoken in no uncertain terms that it did not wish to see the dual benefit reduced or diminished, and certainly not by the 21 percent level as the administration had previously sought to do.

This dual benefit diminishes over time and will be eliminated gradually as the older retirees pass from the system due to the attrition of time.

Finally, the amendment provides funds for the operation of the 94 railroad retirement officers scattered around this country, including the very important central office in Chicago and the three field offices that happen to be located in my native State of Tennessee. These field offices are central and necessary and crucial to effective administration of the railroad retirement system.

I know that my colleagues realize that there are railroad retirees in every State in this Union. To give an example, in the State of Alabama there are 15,300 railroad retirees; in the State of Arizona, 13,500; in the State of Florida, 48,000; in the State of Georgia, 22,000. I see the distinguished Senator from Louisiana in the Chamber. There are 13,500 railroad retirees in the State of Louisiana who would be affected by this legislation.

I give this information by way of illustration and to indicate that these 1 million railroad retirees are scattered all across the 50 States of the Union.

These are good, hard-working men and women who have worked to build the railway system in this country. At the time they retired, they expected to have the full benefits of their retirement program as set forth in the Railroad Retirement Act of 1974. They are entitled to that, and this amendment provides that they will have these benefits, pursuant to the solemn act of Congress which bestowed these benefits on them in 1974.

What we are saying by this amendment is this, simply stated: that Congress stands by its commitment that was made to these men and women in 1974. That is the nutshell of this amendment. There is nothing complicated about it. It means nothing more and nothing less.

If we want our railroad employees to know that we stand behind their hard work, I urge my colleagues to vote for this amendment. If we want to suggest that we really do not care about the integrity of the railroad retirement legislation which was passed in 1974 by this body and by the House of Representatives, and signed into law by the President of the United States, then I suppose a vote against this amendment is in order.

Frankly, Mr. President, I am confident that the majority of my colleagues will want to honor this committment to the railroad retirees of this country who retired and relied on legislation that was passed here some 8 years ago.

Mr. President, how much time remains to my side?

The PRESIDING OFFICER. Twelve minutes and 45 seconds.

Mr. SASSER. I yield to the distinguished Senator from Ohio.

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

I ask the Chair to advise me when 5 minutes have expired.

Mr. President, I am pleased to join the Senator from Tennessee in offering this amendment to restore the cost-of-living increase and fully fund the dual benefits to maintain the field offices of the railroad retirement system.

The Budget Committee has reported a resolution which, in effect, would cause unnecessary harm to more than 1 million railroad retirees.

First and foremost, the committee has eliminated the cost-of-living increase for retirees which was scheduled to take effect on July 1, 1982. Railroad retirement is quite a bit different from any of the other matters that have come before us on a budget issue. It is a completely self-financed system, based upon employee and employer contributions. There is no reason to eliminate the COLA for these retirees, because the Government does not pay for these COLA's. I want to emphasize that. This is not Government money we are talking about. This is the money of the employees and the employers themselves.

All payments made to the railroad retirement system are totally paid by the railroad industry—management and labor.

But one thing will happen, and that is further erosion in retiree income caused by a Congress that is totally insensitive to the plight of these hard-pressed senior citizens, if we do not act favorably on our amendment.

The committee's action did not stop with this arbitrary denial to the railroad retirees of the COLA they had every right to expect. The committee also reneged on the promise given to the railroaders with regard to the so-called windfall benefit—actually, a misnomer.

In 1974, Congress decided to eliminate the possibility of railroaders earning retirement benefits under both railroad retirement and social security. However, those individuals already entitled to benefits from both systems would receive what is called a dual benefit or windfall benefit. As I previously stated, that windfall appellation is somewhat misleading, because it is a benefit which was earned.

In 1983, $430 million is needed to fully fund the dual benefit. The committee has seen fit to provide only $379 million, a shortfall of $51 million. This action is not only unfair; it is actually—and I emphasize this—contrary to the expressed will of this body. The Senate spoke to this issue in November of last year. At that time, by a 2-to-1 margin, the Senate adopted an amendment I had offered and voted to fully fund the dual benefits.

I do not believe that the commitment of the Senate to meet its obligation to these retirees has changed. I cannot support this action by the Budget Committee, and I do not believe that the Senate as a whole will consent to inflict this cruel and unnecessary punishment upon retirees who have rightfully earned these benefits.

I urge my colleagues to join us in correcting an unjust decision.

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

Mr. SASSER. Mr. President, I yield to the distinguished Senator from Maryland.

SENATOR SARBANES SUPPORTS THE RAILROAD RETIREMENT SYSTEM

Mr. SARBANES. Mr. President, I am very pleased to join the Senator from Tennessee as a cosponsor of this important amendment to protect the earned retirement benefits of over 1

million railroad retirement beneficiaries and to preserve the integrity of the Federal railroad retirement system. This Nation's retired railroad employees spent their working years safeguarding one of our country's most valuable resources, our rail transportation system. These dedicated workers paid into their retirement system and now rely on receiving their established benefits. If their benefits are unfairly diminished these railroad workers and their families will not be able to live their retirement years in the dignity and financial independence which their hard work over the years has earned them.

This amendment addresses three specific aspects of the railroad retirement system. First, it retains the scheduled July 1982 cost-of-living adjustment for railroad retirees, and maintains future COLA's as currently calculated to the Consumer Price Index. For the many older Americans living on fixed incomes, the annual COLA is an indisputable necessity in this time of continuing economic hardship. Railroad retirees rely on receiving their annual adjustment this summer in order to enable them to meet the rising cost of living. It is inequitable and unfair to single out retirees for a major cut in their retirement benefits in order to achieve savings in the budget.

Second, the amendment funds the railroad retirement dual benefits account for fiscal year 1983-85 at the level necessary to insure the payment of full benefits to all retirees. In 1974, Congress made a commitment to paying the cost of this dual-benefit program for those retirees who previously had been eligible for both social security and retirement benefits, until the program phases itself out through the attrition of existing beneficiaries. Yet sufficient funds have never been appropriated to cover the cost of these dual benefits.

For example, in fiscal year 1982 while $440 million was authorized to pay these obligated benefits, only $350 million was actually appropriated. Through a series of amendments, which I strongly supported, an additional $29 million was eventually added, but the 400,000 railroad retirees who are entitled to dual benefits still suffered a 15-percent cut in their benefit payments. These benefits have been promised to retired railroad workers, and Congress must live up to its obligation to fully fund this authorized program.

Finally, the amendment assures the continued operation of the Railroad Retirement Board and its field offices at current levels of service. The administration's proposal to abolish the Railroad Retirement Board and to transfer its many functions to the Social Security Administration, to a private pension fund—which does not yet exist—and to the States by October 1, 1982, would be an administrative nightmare. It would severely tax the already-strained resources of social security and the States, and would have a chaotic impact on the retirement, disability, sickness, and unemployment benefits of railroad workers.

The railroad retirement system is of critical importance to many of our citizens—retired employees, their spouses and widows—who depend on these benefits for their daily existence. We must not break our commitment to these workers, who have planned for their retirement based on guarantees made by the Government and who have contributed so much to our national strength.

Mr. SASSER. Mr. President, how much time remains to our side?

The PRESIDING OFFICER. Eight minutes.

Mr. SASSER. Mr. President, I yield 2 minutes to the distinguished Senator from Nebraska.

Mr. EXON. Mr. President, I thank my friend from Tennessee who I have the honor of serving with on the Budget Committee.

One of the reasons that I could not support the original budget that was reported out of the Budget Committee was during our deliberations when we were talking about COLA for the various groups I specifically asked the question and got the answer "no." We were not treating both tier 1 and tier 2 of the railroad retirement system as we were treating the other retirees.

I think that is a mistake, and I certainly hope that the amendment being offered by the Senator from Tennessee, which I am pleased to be an original cosponsor of, will be accepted by the Senate.

I would suggest to my colleagues that we should accept this in fairness if for no other reason.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Mr. President, the distinguished senior Senator from Pennsylvania had indicated earlier by way of his staff that he wished to speak to this amendment. I do not see the Senator in the Chamber at the moment.

Mr. President, I yield 3 minutes to the distinguished Senator from Michigan.

Mr. RIEGLE. I thank the Senator.

Mr. President, this amendment on railroad retirement would provide for the maintenance of COLA adjustments under the railroad retirement system, as provided under current law, and would provide full funding to the so-called dual-benefit-windfall component for fiscal year 1983, fiscal year 1984, and fiscal year 1985.

There are several points that should be made.

First, this is a bipartisan amendment, enjoying the strong support of Members from both sides of the aisle.

Second, this amendment is intended to correct a major inequity in the pending budget resolution. Under this resolution, cost-of-living adjustments are provided for social security recipients, but are denied to railroad retirees. However, railroad retirees do not draw social security and therefore would be denied any cost-of-living adjustment. The freeze on railroad retirees COLA's would create a tremendous and unfair disparity between railroad and nonrailroad retirees in this country. The first part of this amendment is intended to put the railroad retirees on the same footing as social security recipients by extending to them their rightful cost-of-living adjustment.

The next point is that the second part of this amendment is intended to restore the COLA for the private pension equivalent component of the railroad retiree annuity. This component, which is calculated at 32.5 percent of the social security COLA, is already bought and paid for by the railroad industry—management and labor. Employees themselves contribute 2 percent of their pay in order to assure the continued payment of these COLA's for their railroad annuity.

The Government does not pay for these COLA's. The basic railroad retiree annuity is entirely funded by the railroad industry itself—by management and labor contributions to a trust fund. These contributions go directly into a trust fund. The freeze on these COLA's will result in no freeing of general revenues that could be used for other purposes. The budget savings supposed by the pending budget resolution are fictitious in this regard.

This amendment would also provide full funding for the so-called dual-benefit windfall. Prior to 1974, railroad employees with adequate railroad and nonrailroad employment were entitled to draw benefits under both the Railroad Retirement Act and the Social Security Act. In 1974, Congress eliminated dual-benefit coverage and authorized annual appropriations through the year 2000 for windfall benefits for railroad retirees who had retired prior to 1974 to partially compensate them for their loss of benefits.

Congress thereby made a commitment to this class of nearly 400,000 railroad retirees to pay the cost of the dual-benefit program as the dual-benefit entitlement was phased out through the attrition of its existing beneficiaries. As recently as November 15, 1981, the Senate voted by a vote of 61 to 34 for full funding of the so-called dual-benefit-windfall account, in the context of the continuing resolution.

The pending budget resolution would freeze the contribution to this account at $379 million while approximately $430 million is needed to fund this account. This would result in a

benefit reduction of approximately 15 percent.

So for those reasons I hope the Senate will support this amendment.

Mr. SASSER. I thank the Senator from Michigan.

Mr. President, how much time is remaining?

The PRESIDING OFFICER. Two minutes and fifty seconds.

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

Mr. BOSCHWITZ. Mr. President, if the Senator will yield for a question, I note he told the Senator from Louisiana how many railroad retirees are in his State. How many are in his State by chance?

Mr. SASSER. The distinguished Senator from Minnesota will be interested to know that there are 27,400 railroad retirees in his State.

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

The PRESIDING OFFICER. Who yields time?

Mr. GOLDWATER. Mr. President, I wonder if the manager on this side will yield for a question?

Mr. ARMSTRONG. Mr. President, I am delighted to yield to the distinguished Senator from Arizona for a question, for a statement, or for any other purpose that he may have in mind.

Mr. GOLDWATER. I wish to ask a question because a statement has been made, and it is true that this COLA increase will come out of funds provided by the Railroad Retirement Act. I just wish to ask how many railroads have been in a profit position in the last 10 years? Does the Senator know?

Mr. ARMSTRONG. Would the Senator care to rephrase that question and ask someone who can name the railroads that have been in a profit position in the last 10 years?

Mr. GOLDWATER. It is my understanding there are only one or two railroads in this country that have been making money, and if that is the case I wish to know where these funds are going to come from to provide a cost-of-living increase for the retirees. As beneficial and desirous as that might be I think once again we are looking for that old money tree.

Is there any answer to that?

Would the Senator from Tennessee care to answer?

Mr. SASSER. I am sure the Senator from Arizona was addressing the question to the manager of the bill.

Mr. ARMSTRONG. I assume that the Senator from Arizona is addressing it to the proponents of the amendment.

Mr. GOLDWATER. Mr. President, I would be very happy to. I do not think he would want to yield from his time.

Mr. SASSER. I will attempt to answer the Senator's question but I do not want it to count against my time.

Mr. GOLDWATER. It is an important question.

Mr. ARMSTRONG. Mr. President, we will be pleased to yield time to the Senator from Arizona if he wishes to pursue this question with the Senator from Tennessee. The Senator from Colorado has no idea, to answer his question.

Mr. GOLDWATER. I thank the Senator.

Does the Senator from Tennessee care to answer?

Mr. SASSER. I will just say to my distinguished and able friend from Arizona that there are some railroads in this country in a profit position. For example, in my area of the country the Southern Railway System and until just I think recently and perhaps still the L. & N. Railroad are in a profit position.

But this is a solemn commitment that was made to these railroad retirees contained in the Railroad Retirement Act of 1974.

Prior to the passage of the Railroad Retirement Act in 1974 many of these railroad retirees were entitled to a dual benefit. One came from the Railroad Retirement Act, the old Railroad Retirement Act, and the second, many of them were entitled to social security payments.

Now, in an effort to even that out this was all incorporated into the 1974 Railroad Retirement Act which deprived many of the retirees who retired prior to, or all the retirees who retired prior to, 1974, who were also entitled to social security benefits and the COLA that went with that, deprived them of those benefits.

It is a rather complex fact situation I would say to my distinguished friend from Arizona, and one that is difficult to explain quickly and easily. But there was an effort, as I am sure that the Senator from Arizona will recall, an effort on the part of Congress to even out the discrepancy between those who retired prior to 1974 were receiving benefits under the old act, and also receiving benefits under social security. This was incorporating all of those old retirees into the 1974 act where they would have been entitled to COLA's under the social security bill.

Mr. GOLDWATER. I realize all that. What I am trying to get at is, No. 1, how much is this going to cost?

Mr. SASSER. The cost has been figured at $1.7 billion over a 4-year period.

Mr. GOLDWATER. All right. How much money is there to pay that? Do you have enough funds in the Railroad Retirement Act to pay that?

Mr. SASSER. Well, I would say to my friend from Arizona that the Railroad Retirement Act is self-financing based on the funds paid into the system by the railroad workers and companies.

Mr. GOLDWATER. I am only trying to find out if there is enough money to pay this bill.

Mr. HEINZ. Mr. President, if the Senator will yield, I can answer his question. The answer is, yes.

Mr. GOLDWATER. Fine.

Mr. HEINZ. According to a CBO study, there is enough money to pay all these benefits through the end of the decade, based on intermediate economic assumptions.

Mr. GOLDWATER. That $1.5 billion in the next 3 years, the fund has that much in it?

Mr. HEINZ. That is included.

Mr. GOLDWATER. I am very interested because I was in charge of this legislation for 12 years, and I never knew that.

Mr. HEINZ. The Senator must have done something right because it is in good financial shape right now.

Mr. GOLDWATER. It is something of a miracle when the railroad business is pretty much in the hole, and you can afford $1.5 billion for COLA's.

Mr. HEINZ. It just shows what a fine job the Senator from Arizona was doing.

Mr. GOLDWATER. We do not have the railroads making money in Arizona.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HEINZ. I rise in support of the amendment, so I think I need time from Senator SASSER.

Mr. SASSER. I yield 2 minutes to the distinguished Senator from Pennsylvania. We have 2 minutes 50 seconds remaining.

Mr. HEINZ. Mr. President, I rise in support of the amendment introduced by the Senator from Tennessee, which I am proud to have cosponsored. This is not the first time that I have come to the Senate floor to defend the benefits of railroad retirees from arbitrary budget cuts. Last December, I came to the Senate floor to dissuade the Office of Management and Budget from arbitrarily making an additional cut of 12 percent in the so-called dual or "windfall" benefits—a cut which OMB would have imposed fully on its own initiative, and in direct contravention of congressional intent. I said at that time that OMB's planned actions were probably illegal—and subsequently, both the General Accounting Office (GAO) and the Congressional Research Service (CRS) have confirmed that legal opinion.

More recently, I have spoken out against OMB's premature and ill-conceived proposal to abolish the Railroad Retirement Board and divide its functions between the Social Security Administration and some private corporation.

In short, I have come to the floor because there has been a repeated assault on the railroad retirement system and its 1 million beneficiaries,

more than 86,000 of whom reside in my own State of Pennsylvania.

Mr. President, I will try to summarize my main point as follows: I think the proposal of the Budget Committee which it came forward with is unfair, technically infeasible, and illogical. Apart from that there is nothing wrong with it.

It is unfair because this is the only group of people who have their benefits cut this year. The year 1982 is the year this freeze is supposed to go into effect.

It is technologically infeasible as a small point of interest because there is no time to adjust the computer tape for July 1982. Outside of that it is also illogical for the very simple reason that—and it is a rather complicated discussion—but the essence of it is that whatever benefits you get out of tier 1 or tier 2, that benefit is the result of social security plus a fixed amount that you get from railroad retirement.

If social security goes up and railroad retirement is frozen, you do not get a penny more under railroad retirement. That does not make any sense, does it? If we vote a social security increase for dually entitled railroad employees, and there are many of them, they will not get anything out of that increase in social security. So I say what we have is illogical.

I am, therefore, delighted to join my colleague from Tennessee in sponsoring this amendment which would accomplish three basic ends:

First, it would restore the annual cost-of-living increase for railroad retirees, which the budget resolution would have us skip in July 1982 and then cap at 4 percent in 1983 and in 1984.

Second, this amendment would provide for full funding of the so-called dual or windfall benefits in fiscal years 1983-85.

Third, this amendment would make it clear that the Congress of the United States wants the Railroad Retirement Board's network of field offices preserved—and not obliterated, as the Office of Management and Budget mistakenly has recommended.

I shall now address in detail the need for these three separate parts of the amendment.

COST-OF-LIVING INCREASE

The budget resolution applying to railroad retirement cost-of-living increases has to be modified—in my judgment—for four reasons: It is unfair. It is technically infeasible. It is illogical. And because it is illogical, it produces results which can only be described, kindly, as weird results.

UNFAIR

It is unfair, because this cut in the cost-of-living increase comes after a year in which railroad retirees, as I explained earlier, were the only group of retirees that got an actual reduction in their monthly benefits—the cut in the so-called dual or windfall benefits to nearly 400,000 annuitants nationwide, more than 30,000 of whom reside in Pennsylvania.

Mr. President, I believe the proposed cost-of-living freeze is also unfair because the inflation adjustment for railroad retirees is only a partial adjustment at best. The railroad benefit formula, which is extremely complicated, consists of two parts: a tier 1 benefit, which is essentially a social security benefit, and a tier 2 benefit, which is a railroad staff pension based solely on rail earnings and contributions. The so-called windfall benefit is paid in addition to the tier 2 benefit—however, the tier 2 benefit is reduced when an annuitant is eligible for the windfall, a point which has eluded many of those who have commented on this subject.

Now, the cost-of-living provisions under the law normally provide a percentage increase to tier 1 benefits which is the same as the social security benefit increase—because this tier 1 benefit is, in essence, a social security benefit. The tier 2 benefit is only increased by 32.5 percent of the social security benefit increase, so that the combined benefit increase to tiers 1 and 2 is well below the rate of inflation. Finally, the so-called windfall benefit is frozen at entitlement, which means it is not adjusted at all for inflation. For example, a windfall benefit awarded in January 1975 would be worth today only 55 percent of its original value, because the CPI increased by 81 percent between January 1975 and March 1982.

I say to my friends in the Senate, on both sides of the aisle, that to deny an automatic cost-of-living increase under these circumstances, is patently unfair.

TECHNICALLY INFEASIBLE

This proposal to skip the July 1982 benefit increase is also technically infeasible. By the time this budget resolution is passed and agreed to by both Houses, it will be impossible for the Railroad Retirement Board to change its computer tapes in time, unless the Railroad Retirement Board uses the benefit tape for the prior month, and thereby runs the substantial risk of paying a large number of incorrect benefit amounts—and benefits to ineligible people.

Mr. President, I believe my colleagues in the Senate are committed to reducing error in the payment of public benefits—not compounding it.

This proposal to freeze and then cap the railroad cost-of-living increase is also illogical because—as I said earlier, the railroad retirement tier 1 benefit is the legal equivalent of the social security benefit. To allow a cost-of-living increase for social security, and not for tier 1 benefits, just does not make any sense, when the budget resolution, and the full Senate by a rollcall vote, stated, as we should, that the full social security benefit increase of 7.4 percent will be paid in July.

Furthermore, because individuals who are entitled to both social security and railroad retirement benefits have their railroad benefit offset by their social security benefit, the increase in social security benefits could result in some retirees actually getting lower amounts from railroad retirement. In addition, because there is a financial interchange between the two systems, what the budget resolution means, in effect, is that the social security system will transfer money to the Railroad Retirement Board to pay these cost-of-living increases, but the Railroad Retirement Board will be legally prohibited from paying that cost-of-living increase to the beneficiaries entitled. That is why I said earlier that this illogical budget proposal produces weird results.

For these reasons, it behooves the Senate to recognize the basic unfairness of this proposal, acknowledge the technical problems and the logical fallacy, and amend the budget resolution to pay full cost-of-living increases to railroad retirees this July.

DUAL OR WINDFALL BENEFITS

Mr. President, this amendment would also restore full funding for the railroad retirement dual or windfall benefits.

Mr. President, these were benefits which Congress promised to railroad retirement annuitants in 1974, when it changed the law regarding dual social security and railroad retirement benefits. The Government of the United States promised those who were vested as of January 1, 1975, that their rights under prior law would be protected. Congress has no right to renege on this solemn promise, and we have a moral obligation to fulfill this pledge.

Mr. President, the amount of funding required for full payment of these benefits will be declining every year, as the following table illustrates:

Budget projection of railroad retirement accounts windfall benefit payment amounts if there is no cutback

Fiscal year:	*Millions*
1981-82	$440
1982-83	430
1983-84	420
1984-85	405
1985-86	385
1986-87	365

By 1987 or 1988, $350 million will be sufficient to finance these benefits. Moreover, this decline in funding—which is apparent in nominal terms—is even more stark in real terms. The Budget Committee projects inflation at 6.9 percent in 1982, 1983, 1984, and 6.4 percent in 1985.

When these inflation rates are applied to the funding level required for full funding of these windfall benefits,

it is apparent that these dual railroad retirement benefits are making a steadily smaller claim on the Federal budget.

Finally, I think it is important to have full funding of these railroad benefits so that we protect older Americans from the ups and downs of a fitful public policy. Just remember what happened last year to these railroad retirees. In July 1981 they got a cost-of-living increase. On October 1, a 21-percent cut in their dual benefits. On December 1, they received no windfall benefits. Then a check was paid at a 21-percent reduction around the middle of December. They have been receiving benefits at a 15-percent reduction since January 1982 with a check in mid-February repaying them for the difference between a 15-percent reduction and the 21-percent reduction during October, November, and December.

Mr. President, I submit this chequered pattern of public policy causes extreme and unnecessary uncertainty in the lives of these people, more uncertainty than any of us could tolerate, let alone be tolerated by those who are dependent on these retirement checks as their primary, if not sole source of income.

RAILROAD RETIREMENT FIELD OFFICES

Mr. President, the Office of Management and Budget has two strategies for abolishing the Railroad Retirement Board. The overt strategy is the one recommended in the budget to abolish the Board and split its functions between social security and a private corporation. Mr. President, this proposal has so little likelihood of acceptance by my colleagues in the House and in the Senate, that OMB has a reserve strategy, one which they have been pursuing for several years, which is to cut the administrative expenses of the Railroad Retirement Board, and thereby reduce, and eventually close, two-thirds of its field offices, and slowly strangle the Railroad Retirement Board to death.

Mr. President, this is another patent attempt by the Office of Management and Budget to obtain through its own machinations that which it cannot win directly from congressional intent.

It is important that this hidden strategy of strangling the Railroad Retirement Board be exposed for what it is, and that my colleagues join with me and Senator SASSER and others, to say loudly and clearly that the Railroad Retirement Field Service has to be preserved.

Mr. President, I commend the distinguished Senator from Tennessee for introducing this amendment, and I urge my colleagues on both sides of the aisle to join us in support of railroad retirees.

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG. Mr. President, I yield such time as he may need to the the Senator from Oklahoma.

Mr. NICKLES. I thank the Senator from Colorado.

I rise in opposition to the amendment of my friend and colleague from Tennessee.

I have heard several statements made here, and I read the letter sent out by the railroad union, and I must take issue with some of the comments that were made.

I heard one of our colleagues say that this is a private plan, that all the payments were made by railroad employees and by the railroad companies.

That is not correct. Mr. President, this is the only retirement system, the only private retirement system in the United States, that is subsidized by U.S. taxpayers. All other retirement systems, all other pensions, are paid for out by the private sector, with the exception of the railroad retirement system, and of course, those retirees can receive a windfall benefit.

There has been a lot of debate and a lot of people saying that the windfall benefits are deserved. I do not think most people in the Senate understand what the windfall benefit is. Basically, if you look at the social security benefit formula, there is a subsidy, a welfare benefit in that the formula is weighted toward the lower end of the scale. Now when that weighted formula is applied twice to one's career earnings split between rail employment and nonrail employment, rather than one to total career earnings, one receives basically two of the lower subsidies or welfare benefits coming from the social security system, which is the windfall component.

Congress realized that was wrong and said, "We will stop this inequity." In 1974 Congress passed legislation and said, "We will subsidize railroad retirement by funding windfalls out of general revenues at $250 million a year for 25 years, and the total cost will be $6.25 billion."

Now all of a sudden we find out that $250 million is not enough, so rail labor and management came back and asked for $350 million, and last year we increased it to $379 million. Now rail labor and management are wanting to increase it up to $430 million for fiscal year 1983.

It could conceivably go up to $500 million a year, so we are talking about a half-billion-dollar subsidy into a private pension plan by the Federal Government every year to subsidize a private pension plan. I do not think the taxpayers want to subsidize this private pension plan, and I do not think they should have to.

I think that Federal subsidies are a mistake, and certainly these increases would only perpetuate the mistake.

It is not a partisan Democratic or Republican issue. The Carter administration wanted to put a freeze on this subsidy. The Carter administration submitted legislation to freeze it at a maximum of $350 million annually. I think if we continue to increase it and fully fund it, we are making a serious mistake. If it is to be fully funded, let us have that funding come from the rail industry.

You might ask yourselves another question, too. This is the only private pension plan in the United States that is tax free. No taxes are paid on railroad retirement benefits. Retirees pay taxes on military retirement benefits, on civil service retirement benefits, and on all other private pension plans. Individuals have to pay taxes, income taxes, on their pension benefits that they receive greater than their individual contributions that were made, with the exception of railroad retirement. Forty-one percent of railroad retirement benefits are non-social-security-equivalent benefits, but rather collectively bargained private pension benefits—tax free.

When you add that, and the economic benefits of that are over $200 million a year, I think you find that the rail unions have done very, very well in their negotiating for special privileges in Congress. They have done very, very well. they are specialized in the fact that yes, they do have a Federal subsidy. The subsidy right now is $379 million. If this amendment passes it will go up to $440 million. I do not think we need that increased subsidy to the railroad pensions. That equals something to the tune of $854 per active railroad worker today, and would increase up to $991 in subsidy per active railroad worker if we passed this amendment in windfall subsidy alone, not to mention the COLA changes that we are talking about being made.

If we make the COLA changes, and they are added, we are going to increase the costs another $1.5 billion that is being added. That is, increase costs to a fund that is already beginning to go into jeopardy due to declining employment, below projections of necessary employment levels when those COLA's were granted. I think that is something we cannot afford.

We are not talking about hurting a plan with low benefits already. We are talking about a plan that has an average retirement benefit in current payout status of $893 for a married couple as of October 1981, and one in which a couple can now draw a maximum benefit of $1,667 per month. With that in mind I think that this amendment is ill advised. I think it is very special interest, and I hope my colleagues will reject it.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

RAILROAD RETIREMENT

Mr. ROBERT C. BYRD. Mr. President, I rise in support of the amendment being offered by the distinguished Senator from Tennessee, Mr. SASSER. The resolution reported from the Budget Committee and endorsed by the administration would completely eliminate the cost-of-living adjustment in pension benefits scheduled for railroad retirees in July. It would cap cost-of-living increases in 1983 and 1984 at 4 percent, no matter how the inflation rate might grow. The resolution would make these changes to reduce the Kemp-Roth budget gap.

I think most Americans are willing to suffer a little hardship—as long as it is fairly evenly distributed—in order to help reduce the budget deficits facing us. However, the COLA freeze proposed in this resolution is grossly unfair, and this is exactly how the public does not want us to reduce the deficit. General revenues do not finance railroad retirement cost-of-living adjustments. Cutting benefits in self-funded pension systems clearly is not the path Congress should follow in attempting to hold down general revenue budget deficits. Yet, that is exactly what this resolution proposes to do.

The Sasser amendment would restore the scheduled July increase in railroad retirement benefits and maintain future COLA's according to current law indexing. It would also provide for full funding of the so-called dual-benefit component of the retirement program. This is the only portion of the retirement program financed by general revenue; they only go to a limited group of railroad retirees to whom they were promised when Congress eliminated their social security coverage.

When Congress rewrote the railroad compensation law in 1974, it made a commitment to protect individuals already entitled to both railroad and social security retirement benefits. The Senate considered the question of full dual-benefit funding last session during the appropriations process. We determined then that we should not renege on pledges of pension income to elderly Americans.

The Sasser amendment would also provide that the Railroad Retirement Board maintain field offices at their current funding levels.

I commend the Senator from Tennessee for his amendment and I am proud to add my name as a cosponsor. I know that in my own State of West Virginia, some 16,000 residents depend on promised railroad compensation benefits.

Mr. PRYOR. Mr. President, I rise in strong support of the amendment being offered by the distinguished Senator from Tennessee, Senator SASSER, and I am pleased to be included as an original cosponsor.

Mr. President, the budget resolution, Senate Concurrent Resolution 92, contains certain proposals affecting the railroad retirement system which I feel are both ill advised and patently unfair to the over 1 million railroad retirement recipients.

Included in these proposals are the following changes: Elimination of the July 1982 COLA, a cap on tier I and tier II COLA's for the next 2 years, and freezing the appropriation level for dual-benefit payments at $379 million which is $61 million below the full funding level.

The amendment I rise in support of today would revise these proposals by restoring the 1982 COLA, adjusting future COLA's to the consumer price index, and reestablishing the dual-benefit portion of the railroad retirement system to its full $440 million appropriation level.

In addition, this amendment makes the assumption that all railroad retirement field offices, including the central office located in Chicago, will be maintained at their current funding level.

Mr. President, I believe that it is only fair that we live up to our historical commitment to railroad retirement pensioners and, therefore, urge my colleagues to join me in support of this amendment.

(RAILROAD RETIREES—AMENDMENT NO. 1492)

● Mr. CHILES. Mr. President, I am pleased to cosponsor this amendment for railroad retirees. This amendment would do three things to preserve and protect the earned benefits of this Nation's 1 million retired railroad workers.

First, this amendment will restore the July 1, 1982, cost-of-living adjustment of 7.4 percent for railroad retirees, and provide for full cost-of-living adjustments in the future years. The Republican compromise budget now before the Senate would eliminate this July's adjustment and limit the 1983 and 1984 cost-of-living adjustments to a maximum of 4 percent.

Second, this amendment will restore full funding for the so-called dual windfall benefit. The Republican compromise budget freezes these benefits at the current reduced level of only $379 million. Railroad retirees are already suffering a 15-percent cut in these benefits. This amendment will restore their full benefits.

Third, this amendment will provide the necessary funds to keep all of the Railroad Retirement Board field offices open. We must maintain the vital services provided at the field office level.

Mr. President, I have heard from thousands of retired railroad workers in Florida during the past year. They are greatly worried about their retirement benefits. Since last October, their benefits have been cut, delayed, partially restored, and further threatened.

They do not know what to expect next from the Federal Government. If we pass this amendment, we will help to restore their faith in the Government. I urge the Senate to adopt this amendment.●

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG. Mr. President, I am happy to yield to the Senator from Iowa.

Mr. JEPSEN. Mr. President, I have an amendment to the amendment by the Senator from Tennessee and I send it to the desk.

The PRESIDING OFFICER. The Chair would advise the Senator that the amendment is not in order until all has expired on this amendment.

Mr. JEPSEN. Mr. President, would I be in order to talk about my amendment at this time before I offer it?

The PRESIDING OFFICER. The Senator is correct.

Mr. JEPSEN. Mr. President, I admire the intention of the distinguished Senator from Tennessee and I share his concern for the retired railroad workers. My vote is a matter of record of support in past years at times that this issue has been brought up.

However, as we all know, these are difficult times for the budget. Therefore, I am offering a substitute amendment which will provide full funding for the dual benefits which retirees have earned. I think that whether we have a COLA and the other benefits that are recommended by the distinguished Senator from Tennessee, it is a matter parallel to other things that is being indicated here—it is arbitrary, it is judgment, it is opinion, and we are thrashing and hashing these things out.

However, the dual benefits are something that, in my opinion, have been promised by Congress. They were promised in 1974. It is morally wrong, it is wrong no matter how you look at it, for us to take those away.

Therefore, the amendment that I am offering will add $51 million in fiscal year 1983, $41 million in 1984, and $26 million in 1985 to bring the benefits back to the full funding level.

Clearly, I think we have an obligation to continue the funding for these benefits because the Congress promised in 1974, when the Congress passed legislation eliminating dual benefits for future retirees, it promised that those entitled to benefits as of 1975

would receive them. These funds were to come from annual appropriations from the general revenues until the year 2000.

I strongly feel it is incumbent upon the Congress to continue to act in good faith by authorizing and appropriating the necessary funds for these benefits. To do otherwise would break faith with the American people and would damage our credibility with them.

For that reason, I am offering this amendment. I hope that it is ready. Will the clerk please read the amendment?

The PRESIDING OFFICER. The amendment is not in order at this time.

Who yields time?

Mr. DURENBERGER. Mr. President, will the proponent of the amendment yield me 2 minutes?

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Did the distinguished Senator say proponent or opponent?

Mr. DURENBERGER. Proponent.

Mr. SASSER. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Thirty seconds.

Mr. DURENBERGER. That is fine. I will take 13.

Mr. SASSER. Mr. President, as much as I would like to accommodate the Senator from Minnesota, I would like to reserve the remaining 30 seconds, if I may.

I ask unanimous consent, Mr. President, that the distinguished Senator from Minnesota be allowed 2 minutes additional time on this amendment.

Mr. ARMSTRONG. Reserving the right to object, I wonder if the Senator from Tennessee would be willing, in lieu of that, to seek time from the bill yielded to him by the distinguished minority manager. I think that would accomplish his intent and purpose in the proper manner.

Mr. SASSER. Mr. President, I simply wish to reserve myself about 10 seconds.

The PRESIDING OFFICER. The Senator has 16 seconds remaining.

Does the manager or the minority manager yield time off the resolution?

Mr. HOLLINGS. Yes, go ahead.

Mr. SASSER. Two minutes.

Mr. DURENBERGER. Mr. President, it is with great pleasure that I join today with several of my colleagues in offering this amendment to insure that the 1 million railroad retirees in this country will again receive the full pension benefits they worked many years to earn.

This amendment raises no new issues. During consideration of the first continuing resolution last November, this Senate approved, by almost a 2-to-1 margin, an amendment Senator METZENBAUM, Senator ROTH, and I offered that would have restored the benefits of all retirees to their rightful level. However, to the dismay of us all, our colleagues from the House refused to agree to a full restoration of benefits. The funds provided by that amendment were cut in half by the House-Senate conference committee. Today we are asking once again that the Senate renew that commitment.

At this point, some background information is in order. Prior to 1974, railroad employees could be insured under both railroad retirement and social security. The benefits that these working people built up were part of a total compensation package offered through their employment and were considered deferred wages. In 1974, Congress eliminated the possibility of future retirees receiving benefits under both accounts. Those entitled to benefits before 1975, however, were exempted from the change and Congress authorized annual appropriations from general revenues from 1976 to 2000 to finance the cost of phasing out the original program.

In the last few years, unfortunately, the Office of Management and Budget has ignored congressional intent by failing to request the full appropriation required to fund that account, making up the short fall from the general account. This shortsighted action on the part of past administrations created a serious drain on the whole railroad retirement system.

During the budget reconciliation last fall, Congress made several changes in the railroad retirement fund. These changes were primarily aimed at insuring the solvency of the fund and included many cost saving provisions which amounted to $400 million over the next 3 years.

In addition, Congress provided for the windfall benefit to be paid out of a specific "dual benefits payment account" and stopped the practice of allowing shortfalls in the windfall account to be funded by draining the general railroad retirement account.

It was not the intent of Congress to reduce the benefits of current railroad retirees. Rather, the intent of Congress was to shore up the financially troubled fund and not to allow for new categories of beneficiaries. We accomplished this task with the support of both management and labor. But a serious injustice was inadvertently inflicted on railroad retirees, an injustice that I have been trying to correct for several months.

In December, the Senate tried to correct this injustice, but we were, as I said, thwarted by our colleagues from the House. Today I am simply asking that we affirm that commitment.

After our partially successful effort last December, I offered Senate Joint Resolution 269, a resolution expressing the sense of the Senate that full railroad retiree benefits should be restored as soon as possible. When offering that amendment, I pledged to the railroad retirees in Minnesota that I would try to amend the next available vehicle to restore their full benefits. Today, I am fulfulling that commitment.

What we are talking about today is a matter of basic equity. Our amendment would simply give retirees the benefits they earned and they deserve. Our amendment also restores full cost-of-living adjustments for railroad retirees, increases that would be eliminated or severely reduced by this budget resolution. Finally, our amendment assures railroad retirees that there will be enough funds in the budget to keep the Railroad Retirement Board central office in Chicago, as well as all field offices, open and fully functioning.

Mr. President, we must act immediately and firmly to assure railroad retirees that their lives will not be put through the chaos of recent months. We must assure railroad retirees that the pensions they depend on for their very existence will no longer be the object of the ongoing political struggle over the Federal budget.

Mr. President, one of these years, I hope it is 1983, this body is going to address the income security of everybody in this country. We have spent a lot of time in the last 2 weeks talking about social security as an element of that system. In the Finance Committee, we have spent 2 years now dealing with that subject.

Unfortunately, we do not have the income security of all Americans in our jurisdiction because it seems to be spread over a whole variety of committees in this Congress. Perhaps that is one of the problems why we sit here and divide veterans from railroad retirees, from elderly persons, from pensions, their social security, or whatever.

I come from a railroad family. I am not going to describe that family to you. I know a lot about railroad retirement, probably about as much as I know about social security—and I do not consider myself an expert in either.

I just think that it is very, very difficult for us, in this kind of a forum, to be picking and choosing among those whom we believe are entitled to a standard-of-living adjustment. I think it is inappropriate to talk about whether or not there are railroads that are making money and railroads that are not making money. The fact of the matter is there are a lot of railroads that are making money in this country, but there are also an awful lot of people in this country that heavily depend on programs like this.

I cannot stress strongly enough how vital these railroad retirement benefits are to those who receive them. I urge my colleagues to join us in voting for

this amendment so that the railroad retirees of this Nation can enjoy the secure retirements they worked so hard to earn.

Mrs. KASSEBAUM addressed the Chair.

Mr. SASSER. Mr. President, I want to reserve myself 10 seconds, if I may.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that my statement be printed in the RECORD.

The PRESIDING OFFICER. Off the resolution?

Mrs. KASSEBAUM. Yes.

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

Mrs. KASSEBAUM. Mr. President, I am pleased to offer my support to the amendment of the Senator from Tennessee, Mr. SASSER. This amendment addresses several important features of the railroad retirement program. In brief, the amendment would:

First, provide full cost-of-living adjustments to railroad retirees in fiscal years 1983, 1984, and 1985;

Second, provide full funding of the dual benefits account; and

Third, assure that the railroad retirement board central office and all field offices will be maintained at current funding levels.

Mr. President, a significant portion of this railroad retirement benefit is in essence a social security benefit. Under Senate Concurrent Resolution 92, railroad retirees would not receive the cost-of-living adjustment scheduled for July 1, 1982, while social security recipients would receive it. During the next 2 years, these retirees would receive cost-of-living adjustments of 4 percent. Over this same period, social security benefits would be fully adjusted for inflation under the assumptions of the budget resolution. I find this proposal troublesome from a number of standpoints.

First, it is just plain unfair to provide full cost-of-living adjustments to one group of social security recipients while expecting another group to go without any protection from inflation.

Second, due to the complex interrelationships between the railroad retirement and social security systems, it would be extremely difficult—if not impossible—to determine which beneficiaries would receive an adjustment and in what amount.

Finally, even if the structure of the railroad retirement system did not present particular problems in determining COLA amounts, it is still not realistic to expect that Congress will complete action on the necessary legislation in time to implement a July 1, 1982, freeze. Therefore, to achieve the assumed fiscal year 1983 savings in this program, all current beneficiaries would have their benefits cut by the amount of that July adjustment.

With respect to fiscal years 1984 and 1985, I believe it is inappropriate to make assumptions about capping cost-of-living adjustments in railroad retirement until we have made some decisions about the treatment of social security benefits. Again, equity and the tie-in between social security and railroad retirement are major considerations.

This amendment also assists the estimated 400,000 railroad retirees who sustained a 15-percent reduction in so-called windfall benefits this year. It is important to point out that this is a fixed group of retirees—limited to individuals who were qualified both for railroad retirement and for social security benefits prior to 1974. Railroad retirement law changes made in 1974 prevent other retirees from receiving similar windfalls.

When Congress agreed to establish a separate dual benefit account for the payment of these benefits to individuals "grandfathered" under the 1974 act, it was naturally assumed that sufficient funds would be appropriated to provide full payment of benefits. Unfortunately, this did not prove to be the case. I feel strongly that Congress should hold up its end of the agreement made in the 1974 law. Having decided to protect those individuals already entitled to dual benefits while correcting future dual entitlement problems, Congress should meet its commitment.

For the most part, we are talking about a group of older individuals who have relied on the railroad retirement system for many years. We are talking about a group which is shrinking, not growing, in size. We must live up to the promises we have made to these retirees.

Finally, this amendment assures that the railroad retirement board central and field offices will be able to continue at current funding levels. In the absence of this action, it is possible that as many as two-thirds of currently operating field offices will be closed. Virtually all of the cost of operating these offices is borne by the railroad retirement trust fund—a fund made up entirely of money raised by taxes on railroad industry payrolls. These offices offer invaluable specialized services to both railroad retirees and unemployed railroad workers. Given the complexity of the work handled at these field offices, it is clear that before any alternatives to the present structure are established, they should be studied to determine whether they will adequately replace the current field service.

I urge my colleagues to join in supporting this amendment.

Mr. ARMSTRONG. Mr. President, did the Senator from Tennessee wish to reserve the remainder of his time?

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

Mr. JEPSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. JEPSEN. Mr. President, I now offer my amendment. Would the clerk please read it?

The PRESIDING OFFICER. It is not in order to offer the amendment now until all time has expired.

Mr. JEPSEN. Mr. President, I was only doing that because I understood all time had been yielded back. Is that wrong?

The PRESIDING OFFICER. That is incorrect.

Mr. JEPSEN. I stand corrected. I was trying to follow directions.

Mr. GOLDWATER. I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. GOLDWATER. I do not care.

Mr. BAKER. Mr. President, will the Chair withhold that just for a moment?

Mr. President, what is the time situation on both sides?

The PRESIDING OFFICER. There are 3 minutes and 17 seconds remaining for the opponents and 16 seconds for the proponents.

Mr. BAKER. Would the Senator from Tennessee be willing to yield back the remainder of his time?

Mr. SASSER. I would like to still reserve the final 10 seconds.

Mr. BAKER. Mr. President, I think the best thing to do is to let the Senator from Tennessee claim his time now, and I believe that the manager on this side is ready to yield back our time thereafter, or he may do it now if he wishes to do that.

Mr. SASSER. Is the manager of the bill prepared to yield back his time?

Mr. BAKER. Mr. President, if we are going to have a race for recognition, I aim to win, if I can.

Mr. SASSER. Mr. President, I am confident that the distinguished majority leader would win that race if we got in a race for recognition.

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

Mr. ARMSTRONG, Mr. President, I yield back the remainder of our time on our side.

Mr. BAKER addressed the Chair.

The VICE PRESIDENT. The majority leader.

Mr. BAKER. Mr. President, I yield to the Senator from Iowa so that he may offer his amendment.

Mr. JEPSEN. Mr. President, am I now in order to offer my amendment? It is my third time up. I do not want to strike out.

The VICE PRESIDENT. The Senator has been yielded time from the resolution by the majority leader. The Senator has the floor.

UP AMENDMENT NO. 978 PERFECTING AMENDMENT TO UP AMENDMENT NO. 977

(Purpose: To provide funds for payment of dual benefits to railroad retirees)

Mr. JEPSEN. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Iowa (Mr. JEPSEN) proposes an unprinted amendment No. 978, a perfecting amendment to unprinted amendment numbered 977.

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

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

The amendment is as follows:

Strike out all after "Viz:" and insert the following:

On page 2, beginning with line 18, strike out through line 21 on page 3 and insert the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1982: $777,600,000,000.

Fiscal year 1983: $835,329,200,000 plus $51,000,000.

Fiscal year 1984: $897,031,700,000 plus $41,000,000.

Fiscal year 1985: $972,834,200,000 plus $26,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1982: $740,700,000,000.

Fiscal year 1983: $783,629,200,000 plus $51,000,000.

Fiscal year 1984: $832,331,700,000 plus $41,000,000.

Fiscal year 1985: $889,434,200,000 plus $26,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1982: $117,700,000,000.

Fiscal year 1983: $115,429,200,000 plus $51,000,000.

Fiscal year 1984: $91,331,700,000 plus $41,000,000.

Fiscal year 1985: $64,434,200,000 plus $26,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1982: $1,144,200,000,000.

Fiscal year 1983: $1,292,129,200,000 plus $51,000,000.

Fiscal year 1984: $1,420,060,900,000 plus $92,000,000.

Fiscal year 1985: $1,533,295,100,000 plus $118,000,000.

And the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1982: $64,400,000,000.

Fiscal year 1983: $147,929,200,000 plus $51,000,000.

Fiscal year 1984: $127,931,700,000 plus $41,000,000.

Fiscal year 1985: $113,234,200,000 plus $26,000,000.

On page 16, beginning with line 12, strike out through line 4 on page 17 and insert the following:

Fiscal year 1983:

(A) New budget authority, $281,800,000,000 plus $51,000,000.

(B) Outlays, $272,600,000,000 plus $51,000,000.

(C) New direct loan obligations, $2,000,000,000.

(D) New primary loan guarantee commitments, $18,700,000.

(E) New secondary loan guarantee commitments, $0.

Fiscal year 1984:

(A) New budget authority, $300,900,000,000 plus $41,000,000.

(B) Outlays, $288,300,000,000 plus $41,000,000.

Fiscal year 1985:

(A) New budget authority, $333,000,000,000 plus $26,000,000.

(B) Outlays, $309,800,000,000 plus $26,000,000.

Mr. JEPSEN. Mr. President, I will not repeat, other than to say that I admire the intentions of the distinguished Senator from Tennessee. I share his concern for the retired railroad worker and they know that. However, as we all know, we have a budget. We have trying times but we are making some great progress. That is why I am offering a perfecting amendment which will provide what I believe we absolutely are morally obligated to do. It is incumbent on the Congress to continue to act in good faith by authorizing and appropriating the necessary funds for the benefits that they promised in 1974.

Mr. SARBANES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Who yields time for the parliamentary inquiry?

Mr. SARBANES. It must be somebody in opposition to the amendment.

Mr. BAKER. Mr. President, I will yield for a parliamentary inquiry.

Mr. SARBANES. With the offering of the amendment by the Senator from Iowa, what is the time situation with respect to the proponents and opponents of the amendment?

The VICE PRESIDENT. Since this is one of the amendments upon which a special time agreement was granted, with no provision made for second-degree amendments they are not debatable unless time is granted from the resolution. The majority leader is recognized.

Mr. BAKER. That is correct, I am sure. I was at the desk to inquire of that point when the Senator from Maryland arose. I think clearly the best thing to do is to provide some time for that. I ask unanimous consent that there be 10 minutes equally divided.

Mr. DECONCINI. Mr. President, a parliamentary inquiry. In order to ask a parliamentary inquiry, must someone yield time to the person asking that inquiry?

The VICE PRESIDENT. Will the Senator repeat his question?

Mr. DECONCINI. My parliamentary inquiry is, to ask a parliamentary inquiry must someone yield time for that purpose?

The VICE PRESIDENT. The Senator is correct.

Mr. DECONCINI. If I want to ask a parliamentary inquiry, I must have time yielded to ask the question?

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. Mr. President, I renew my request.

The VICE PRESIDENT. Without objection, the request of the majority leader is granted. The Senator from Iowa is recognized.

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

Mr. DOMENICI. Will the Senator yield 1 minute to the Senator from New Mexico.

Mr. JEPSEN. I gladly yield 1 minute.

Mr. DOMENICI. Mr. President, I support the amendment the distinguished Senator has offered. Basically, this will give the committee of jurisdiction $51 million in additional budget authority and outlays for 1983, $41 million in 1984, and $26 million for 1985. That is additional flexibility. But what we have done to send a message as to why we are doing it we have used the numbers that are estimated to be required to reinstate the windfall part of the previous amendment, the windfall part of the concern that has been expressed here.

I do not want anyone to think that the committee is limited to just that. It is a very large committee function with a lot of money. They may very well use money for other things, even within their reconciliation instruction. But we have put back enough to clearly say that, "If you vote for this, you have put the windfall portion of this back into this resolution."

I thank the Senator for yielding.

Mr. BAKER. Mr. President, does the minority leader have control of the time in opposition?

Mr. HOLLINGS. I have, Mr. President. I yield to the Senator from Tennessee.

Mr. SASSER. Mr. President, let us make it crystal clear here. The perfecting amendment which is being offered by the Senator from Iowa freezes the cost-of-living adjustments for 1982 and 1983. The effect of that is to deprive railroad retirees of the annual cost-of-living adjustments for 1982 and 1983, 7.4 percent. I do not want my colleagues to be laboring under the false impression that that is not what occurs.

There is a technical difficulty here. I am advised that administratively it is no longer feasible to freeze the railroad retirement cost-of-living increase which is due to be paid in July of 1982. I am advised that computer tapes would have had to have been modified 1 week ago in order to make this freeze effective. New computer tapes are already in preparation to comply with current law.

The only way around this obstacle would be to run the computer tapes which are already out of date, obtaining erroneous payments, which would then have to be corrected on an individual basis. This would have to be done laboriously by hand and would consume a considerable amount of staff time and cost a considerable amount of money, too.

Mr. President, I think it is inequitable to derpive these railroad retirees who worked so hard and served so honorably the cost-of-living adjustments to which they are entitled. The cost of living has gone up during the period of time preceding the COLA adjustment they are entitled to of 7.4 percent.

To agree to this substitute amendment this evening would effectively deprive them of that increase to which they are entitled.

The cost of energy during the past year has not been frozen. The cost of housing during the past year has not been frozen. the cost of clothing, food, and the other necessities of life for these retirees has not been frozen over the past year. It seems to me it would be inequitable, unfair, at this time to deprive these retired workmen the cost-of-living adjustment to which they are entitled.

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

Mr. SASSER. No, I will not yield on my time.

Mr. DOMENICI. I will be pleased to yield time from the resolution.

Mr. HATCH. Just 30 seconds.

Mr. DOMENICI. I yield.

Mr. HATCH. I believe the Senator from Tennessee has made an excellent argument, but I think it should be pointed out that I believe there is enough flexibility in the committee to resolve this issue. The Senator from Iowa has made a very good suggestion. I would hope that everybody here on the floor would accept it and let us see what we can work out in the committee. I feel very deeply about this issue, and I think people know that.

I think he has made a good suggestion for this particular budget item.

Mr. SARBANES. Will the Senator from Iowa yield for a question?

Mr. JEPSEN. Yes; I yield.

Mr. SARBANES. As I understand it, the Sasser amendment covers three aspects of the railroad retirement plan. One is the cost-of-living adjustment, which otherwise would be denied altogether to railroad retirees in 1982—apparently now a fiscal and administrative possibility.

Second, the Sasser amendment addressed the windfall question—the so-called windfall question.

Third, it provides some funds to maintain the operation of the Railroad Retirement Board and its officers.

As I understand the amendment of the Senator from Iowa, it does only the second of those three things.

Mr. JEPSEN. That is correct.

Mr. SARBANES. Namely, it seeks to carry forward money for the so-called windfall but does not provide anything on the cost of living and allows the effort to begin to dismantle administratively the Railroad Retirement Board. Is that correct?

Mr. JEPSEN. That is correct.

Mr. SARBANES. Mr. President, it seems clear to me that the substitute proposal obviously does not fully address in a fair and quitable manner the situation confronting the railroad retirees. Therefore, I think the amendment offered by the Senator from Tennessee is superior to the substitute now being proposed.

Mr. JEPSEN. Mr. President, how much time do I have remaining?

The VICE PRESIDENT. Three minutes remain to the Senator.

Mr. DOMENICI. Mr. President, will the Senator yield to me? I shall take a minute off the bill so he will not lose his 3 minutes.

Mr. JEPSEN. Certainly, Mr. President.

Mr. DOMENICI. Mr. President, I do not think the Senator's answer with reference to the Railroad Retirement Board was correct. Basically, I am told, if one assumes that the numbers and the uses contemplated in this resolution are what are truly done, it would freeze that fund, not do away with it, I say to the Senator from Maryland. So there is money there. It is just at the same level.

Mr. President, let me make this point, we keep referring to the Budget Committee eliminating this, that, or the other. The Senate should know that we have not eliminated cost-of-living indexes for retirees. The fact is that we do not eliminate anything.

What we have done is assume that there would be a 1-year freeze on COLA's and taken that much money out of the function. Then we have reconciled that amount of money. The Labor and Human Resources Committee will not be forced to eliminate COLA's unless it decides that that is the best way to achieve the savings required of it.

The committee could, indeed, pick on other programs. There are numerous ones within their jurisdiction. Indeed, they may find that they give partial COLA and cut some other program. That will be their job under the chairmanship of the distinguished Senator from Utah (Mr. HATCH) who just spoke. He is correct.

I thank the Senator for yielding.

Mr. RIEGLE. Mr. President, will the Senator from Tennessee yield?

Mr. SASSER. How much time do I have, Mr. President?

The VICE PRESIDENT. The Senator from Tennessee has 1½ minutes remaining.

Mr. SASSER. I yield a minute to the Senator from Michigan.

Mr. RIEGLE. Mr. President, I think the comment the chairman of the committee just made is, with all due respect, a lot of baloney. You cannot say you are going to take it out of something else if you are not going to indicate what the something else is. If you have a specific proposal to cut something, then you should offer it. But you cannot assume that somehow, it will appear like magic. I think the amendment of the Senator from Iowa guts the amendment that has been offered by the Senator from Tennessee and others. I hope we can get this amendment out of the way so that we can have an up or down vote on whether we want to deny the railroad retirees of their rightful benefits.

Mr. SASSER. Mr. President, I could not agree more with the distinguished Senator from Michigan. The amendment of the Senator from Iowa effectively emasculates the amendment that I previously offered. In view of that, Mr. President, I move to lay the Jepsen amendment on the table.

The VICE PRESIDENT. The motion to lay the amendment on the table is not in order until the time has been used or yielded back. The Senator from Iowa has 3 minutes remaining.

The Senator from Iowa.

Mr. JEPSEN. Mr. President, I shall not take all the time. I just repeat that, clearly, we have an obligation to continue the funding for these benefits that I am proposing. Clearly, we do not have an obligation to treat any differently those under this retirement system than those who are under the civil service retirement system, or those who are under the military retirement system. The COLA for the railroad retirement system, the richest major pension system in the country, will cost over $1½ billion through 1985. This is essentially a private sector benefit. It is well above civil service, and railway labor and management can negotiate among themselves the amount and the terms of the pension component.

Mr. President, the large majority, over 50 percent of the pension plans in this country, do not have automatic COLA increases. This is one the the reasons we are in the deep economic trouble we are in today. I think this pension should be treated just as we are treating all the others except social security. But it is an obligation that we must fulfill to provide for these dual benefits for the retirees that we promised in 1974 who were entitled to benefits as of 1975. We are fulfilling that promise.

Mr. President, I yield to the majority leader.

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

The VICE PRESIDENT. The clerk will call the roll.

The 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 VICE PRESIDENT. Without objection, it is so ordered.

Mr. BAKER. I yield myself I minute on the resolution.

Mr. President, I have discussed the request I am about to make with the minority leader and with a number of Senators, including the distinguished junior Senator from Tennessee, the author of the original amendment.

There is a drafting error in the second-degree amendment. I ask unanimous consent that notwithstanding the time limitation which was provided, the Senator from Iowa may modify his amendment.

The VICE PRESIDENT. Is there objection?

Mr. RIEGLE. Mr. President, reserving the right to object, and I do not know that I intend to object, I want to clarify what is occurring. We have not seen the language, and I want to make it clear that the understanding is that this does not change the substance of the amendment in any way. As I understand it, the reconciliation instruction related to a number change that was left out of the amendment, so it is a bona fide technical error and not a change in substance. If it is a change in substance in any way, I would object.

Mr. DOMENICI. No, it is not a change in substance. I have not seen it, but the staff informs me that you need to carry the numbers in two places, and the number is not carried in the reconciliation instruction; that, consequently, the principal thrust will be left out if we do not fix it. But if we have the votes for that, obviously that is our intention, and sooner or later we are going to do it. We will either vote the Sasser amendment down and do it by telling everybody that is what we are going to do, or the Senator will graciously let us fix it, and then we could vote.

Mr. BAKER. Mr. President, the kicker in the situation is that were it not for the 10 minutes equally divided, the right would exist to make the modification.

As the Senator will recall, I requested the time so that Senators on this side might debate the second-degree amendment and so that there would be some time.

I sincerely hope that there will be no objection to this correction, which is truly a drafting error.

Mr. RIEGLE. I thank the Senator.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, so that there may be a moment for the staff to correct that, I am prepared to debate further on this measure, although time has expired, or to offer another quorum call for perhaps 5 minutes.

Mr. DOMENICI. Mr. President, it is 11:30. Is the majority leader prepared to tell us what he intends to do this evening?

Mr. BAKER. I had planned to go out at 12 o'clock.

Mr. CHILES. I thought it was 11:30.

Mr. BAKER. That leaves me 3 minutes. I see the Senator from Florida nodding in agreement.

Mr. President, I still plan to go out about 12 o'clock.

Mr. ROBERT C. BYRD. Mr. President, I have an amendment which I would call up tonight.

Mr. BAKER. Can the Senator from West Virginia give me some idea how long, or perhaps we already have a time agreement on the amendment?

Mr. ROBERT C. BYRD. Thirty minutes or less, equally divided.

Mr. BAKER. All right.

Mr. ROBERT C. BYRD. Twenty minutes equally divided.

Mr. BAKER. Yes; I think we might arrange that. That means we may run a little past 12.

Will the minority leader permit me to explore that with the people on my side?

Mr. DECONCINI. Mr. President, I have an amendment I should like to call up tonight which could easily take 10 minutes or less, equally divided.

Mr. BAKER. I am willing to consider that. I set 12 as the target time; but if there is a general consensus that we should do this, I am willing to do it. Let me explore that possibility as well.

Mr. SARBANES. It seems to be an opportunity to get rid of a lot of amendments.

Mr. BAKER. That is the most cooperation I have had in a long time.

I thank the Senators.

Mr. JOHNSTON. Mr. President, I wonder if the majority leader——

The VICE PRESIDENT. The majority leader is recognized. The Senate will be in order.

Mr. BAKER. I yield to the Senator from Louisiana.

Mr. JOHNSTON. I wonder if the majority leader might inquire about how many amendments remain, so that we can have some idea about what time we can get away tomorrow.

Mr. BAKER. Mr. President, in answer to the Senator from Louisiana, it appears that there are still two DeConcini amendments.

Do I correctly understand that the Senator from Arizona is willing to reduce the time on either or both of those amendments?

Mr. DECONCINI. That is correct.

Mr. BAKER. Ten minutes each?

Mr. DECONCINI. That is correct.

Mr. BAKER. Mr. President, I make that request at this time—that on two DeConcini amendments, instead of 30 minutes each, the time be reduced to 10 minutes each, equally divided.

The VICE PRESIDENT. Is there objection?

Mr. DOMENICI. Mr. President, reserving the right to object——

Mr. SARBANES. Mr. President, will the majority leader yield for an inquiry?

Mr. BAKER. Mr. President, let me pursue this.

Mr. DOMENICI. Will the majority leader include in his unanimous-consent request a waiver of any point of order with reference to germaneness?

Mr. BAKER. Yes, I will.

Mr. DOMENICI. And could we have that with all of them, that that will be reserved, that the germaneness objection is not waived by the unanimous-consent request?

Mr. BAKER. Yes.

The VICE PRESIDENT. Is there objection?

Mr. SARBANES. Mr. President, reserving the right to object, it is my understanding that if we agree to these time limits, we then have placed ourselves in the position that there is no debate time on the second-degree amendment. Is that correct?

Mr. BAKER. I am sorry. I was distracted by another conversation. Will the Senator repeat his question?

Mr. SARBANES. If we agree to the time limit on these first-degree amendments, which we seek to do, to try to limit this, we are placing ourselves in the position that no debate time is then available, should a second-degree amendment be offered to the first-degree amendment, as happened with the Jepsen amendment to the Sasser amendment. Is that correct?

Mr. BAKER. That is the parliamentary situation unless we make provision for time for debate on a second-degree amendment.

Mr. SARBANES. Could we do that?

Mr. ROBERT C. BYRD. Except time can be yielded off the resolution.

Mr. BAKER. As the minority leader points out, while that is correct as to that amendment, time can be yielded off the resolution itself for that purpose.

Mr. SARBANES. I understand that, but that time is getting down pretty low now.

Mr. DOLE. Five hours.

Mr. SARBANES. There are 5 hours now, I think.

Mr. BAKER. Mr. President, could the Chair ask the clerk to give us the time remaining on the resolution?

The VICE PRESIDENT. There is a total of 6 hours and 57 minutes, approximately 7 hours.

Mr. SARBANES. As I understand it, the chairman of the committee obtained a blanket request as to germaneness that a point of order would not be waived on any amendment. Is that correct?

Mr. BAKER. What the chairman did, as I understand him, was to ask me in any future request that I make to include that proviso.

Mr. SARBANES. I wonder if that could be a proviso at least for 5 minutes equally divided on second-degree amendments and first-degree amendments upon which time limits are placed. There is a minimum guarantee.

Mr. BAKER. I think that is a reasonable request.

Mr. President, I amend my request with respect to the two DeConcini amendments in those two respects First, that no point of order as to germaneness is waived, and second, if a second-degree amendment is offered there will be 5 minutes of debate equally divided.

Mr. NUNN. Mr. President, reserving the right to object.

Mr. BAKER. Mr. President, was that request granted?

The VICE PRESIDENT. Is there objection?

Without objection, it is so ordered.

The majority leader.

Mr. BAKER. Now, Mr. President, continuing with the list, there are two Moynihan amendments on which we already have time agreements of 20 minutes each. I do not see the Senator from New York. Yes. Does the Senator from New York still plan to offer both those amendments?

Mr. MOYNIHAN. I do, and I would be happy to agree to a 20-minute time limit equally divided on each.

Mr. BAKER. Could we make that 10 minutes equally divided?

Mr. MOYNIHAN. Yes, if that is to be a general pattern.

Mr. BAKER. I make that request with the same two conditions as previously stated.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. DOMENICI. Now, Mr. Leader, reserving the right to object, on the 5 minutes that we granted for second-degree amendments my germaneness applies and this would be all the way through.

Mr. BAKER. Yes; that is correct.

Mr. DOMENICI. I thank the Senator.

Mr. BAKER. Next is the Hollings amendment dealing with WIC on which there is 30 minutes.

Mr. HOLLINGS. Make it 20 minutes.

Mr. LEAHY. Mr. President, reserving the right to object.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, I would hope if we are going to continue to limit time on amendments that we agree that there will be no second-degree amendments so we have amendments in the first degree voted on up or down without second-degree amendments.

Mr. BAKER. Mr. President. maybe I am getting in over my head. I do not know whether there will be second-degree amendments. I do not expect them. There has been only one in this entire sequence. I think the point made by the Senator from Maryland is a good point, that is, if we are going to have them we should have some time to discuss them. But I cannot honestly say that I can provide against second-degree amendments in that event.

Mr. SARBANES. If I could suggest to the majority leader it would seem to me many Members would be induced to limit the time for debate on their first-degree amendment and thereby expedite business if they could conceive of the understanding that it would be their amendment that would be considered and that they would not have to be concerned about second-degree amendments.

Mr. BAKER. I think I better just retire from the field, Mr. President. I think we have a good list.

I understand that the Senator from Georgia has an amendment which is not on my list. Is the Senator from Georgia on the floor? Is there an amendment to be offered by the Senator from Georgia?

Mr. NUNN. Yes.

Mr. BAKER. Would the Senator from Georgia give us the subject matter and whether or not he would be willing to take a short time limitation.

Mr. NUNN. I would be willing to take a short time limitation. I am in the process of drawing the amendment now, and I would be premature to talk about the subject matter. It does relate to the budget. That would be an effort to lower the deficit. I will tell that. It will not be an add on.

I think it will be about 20 minutes on each side.

Mr. BAKER. I am sorry. I did not hear.

Mr. NUNN. About 20 minutes on each side.

Mr. BAKER. Rather than do this now, let me confer with the Senator from Georgia and see how we do that.

Mr. President, I do not think that we are going to make much more progress with this now. I am prepared. I think, to go forward with the vote.

Mr. President, while I check on one matter, I beg the indulgence of the Senate while I suggest the absence of a quorum.

Mr. HARRY F. BYRD, JR. Mr. President, will the majority leader yield?

Mr. BAKER. I yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. The majority leader did not include the possible amendment by the Senator from Virginia. Do not leave me off that list.

Mr. BAKER. The Senator from Virginia is on the list. I just never got down that far. I gave up before I reached him.

I thank the Senator.

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

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

Mr. SASSER. Mr. President, will a tabling motion be in order at this time?

The VICE PRESIDENT. The Senator from New Mexico has the floor and could suggest the absence of a quorum if he wished. In the absence of that, a motion to table would be in order.

Mr. SASSER. Mr. President, I move to table the substitute amendment of the Senator from Iowa.

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Tennessee to table the amendment of the Senator from Iowa. The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), is necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD), would vote "nay."

The VICE PRESIDENT. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 58, nays 41, as follows:

[Rollcall Vote No. 135 Leg.]

YEAS—58

Andrews	Hart	Moynihan
Baucus	Hatch	Nunn
Bentsen	Hawkins	Pell
Biden	Heflin	Percy
Boren	Heinz	Pressler
Bradley	Hollings	Proxmire
Bumpers	Huddleston	Pryor
Burdick	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Cannon	Johnston	Roth
Chiles	Kassebaum	Sarbanes
Cranston	Kennedy	Sasser
DeConcini	Leahy	Specter
Dixon	Levin	Stafford
Dodd	Long	Stennis
Durenberger	Mathias	Tsongas
Eagleton	Matsunaga	Weicker
Exon	Melcher	Zorinsky
Ford	Metzenbaum	
Glenn	Mitchell	

NAYS—41

Abdnor	Baker	Brady
Armstrong	Boschwitz	

Byrd, Harry F., Jr.	Gorton	Packwood
Chafee	Grassley	Quayle
Cochran	Hayakawa	Rudman
Cohen	Helms	Schmitt
D'Amato	Humphrey	Simpson
Danforth	Jepsen	Stevens
Denton	Kasten	Symms
Dole	Laxalt	Thurmond
Domenici	Lugar	Tower
East	Mattingly	Wallop
Garn	McClure	Warner
Goldwater	Murkowski	
	Nickles	

NOT VOTING—1

Hatfield

So the motion to lay on the table the amendment of the Senator from Iowa was agreed to.

(The following proceedings occurred after midnight:)

Mr. BAKER. Mr. President, let me put a suggestion. I understand the distinguished minority leader has an amendment that he wants to take up tonight.

I am advised by the manager of the bill on this side that he is not at this moment prepared to go forward with a vote on the Sasser amendment.

I ask unanimous consent, Mr. President, that it be in order to temporarily lay aside the Sasser amendment and proceed to the consideration of the Byrd amendment.

Mr. RIEGLE. Reserving the right to object, and I do not know that I will object, but I am wondering, under the parliamentary situation, if the Sasser amendment is agreed to, as I hope it would be, it is still subject to later amendment, as I understand it. So I think in fairness, after debating the issue, we have had a vote, a decisive vote, and I think we ought to have an opportunity to vote on a Sasser amendment. If the chairman of the Budget Committee or somebody else tomorrow or later tonight wants to offer an additional amendment, they are fully within their right to do so.

Mr. BAKER. I have not one word in disagreement with that. It does not prejudice the right of any party to amend the Sasser amendment if and when the Sasser amendment is adopted, and I rather suspect that it will be. I was trying to avoid that rollcall and get to another matter.

Mr. RIEGLE. Let us do it by voice vote.

Mr. BAKER. Mr. President, I prefer to do it this way. I do not think anybody loses any rights.

Mr. President, what I would like to do is to temporarily lay aside the Sasser amendment and take up the amendment to be offered by the Senator from West Virginia.

The VICE PRESIDENT. Is there objection?

Mr. KENNEDY. Mr. President, I object.

The VICE PRESIDENT. Objection is heard.

The question recurs on the amendment of the Senator from Tennessee.

The majority leader is recognized.

SEVERAL SENATORS. Vote. Vote.

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

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

Mr. MOYNIHAN addressed the Chair.

The VICE PRESIDENT. Without objection, it is so ordered.

The majority leader is recognized.

The Senate will be in order.

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

The VICE PRESIDENT. 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 VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 a.m. this morning.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Several of our Members will not be here tomorrow and have said that they would like to vote on the Sasser amendment tonight. Even though I would like to have a vote on my amendment, several of my Members will be gone. But could we not at least have the vote on the Sasser amendment while we have Senators here?

Mr. BAKER. Mr. President, let me put the request, if I may, for the time of the meeting tomorrow, if the minority leader would not object.

I ask unanimous consent that when we complete our business this day we stand in recess until the hour of 9 a.m. this morning.

Mr. RIEGLE. Reserving the right to object, and I do not want to be contentious. It is a late hour and we are all tired. But before we say yes to that, I want to have some sense of what is going to follow later tonight. I want to protect this situation. If the Senator will give me some idea, I will be happy to consent to the request.

Mr. BAKER. I will do that, but right now all I can do is try to establish a time for in the morning. At some point we have to reconvene today, and I hope the Senator from Michigan will not object.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I think in less than 60 seconds I can give an answer on what else will occur. Before I do that, may I put a parliamentary inquiry?

The VICE PRESIDENT. The Senator will state it.

Mr. BAKER. As of this moment, the Sasser amendment is the pending amendment, is that correct?

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. As, when, and if the Sasser amendment is adopted, the Sasser amendment would still be subject to amendment in what degree?

The VICE PRESIDENT. It would be amendable if the amendment made or maintained mathematical consistency.

Mr. BAKER. That amendment would be in order at any time during the consideration of this resolution, would it not?

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. That is a unique feature to the Budget Act.

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. Mr. President, I shall not take long, but I suggest the absence of a quorum.

The VICE PRESIDENT. 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 VICE PRESIDENT. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the yeas and nays on the Sasser amendment be vitiated.

Mr. QUAYLE. I object.

The VICE PRESIDENT. Is there objection?

Mr. QUAYLE. I object.

The VICE PRESIDENT. Objection is heard.

MOTION TO RECESS UNTIL 9 A.M. ON FRIDAY, MAY 21, 1982

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now stand in recess until 9 a.m. this morning.

Mr. KENNEDY. I object.

Mr. ROBERT C. BYRD. Mr. President, I do not want to object to the majority leader's request. He can move for it and get a vote on it. I hope we can vote upon the amendment by Mr. SASSER. Several Senators will have to be gone in the morning. Inasmuch as the figure will again be amendable, this will leave the majority side some recourse. If it saw fit to attempt to amend the figure again, it could do so on tomorrow.

Mr. BAKER. Mr. President, once again, I do not dispute any part of that. I think that is not my problem at the moment. I think there is such a total failure of consensus on how we should proceed. I think the best thing is to get started in the morning.

Mr. President, I move, in accordance with the order previously entered, that the Senate stand in recess until 9 a.m. today.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. The question is on——

SEVERAL SENATORS. Yeas and nays, Mr. President.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

VOTE ON MOTION TO RECESS

The VICE PRESIDENT. The question is on agreeing to the motion to recess. 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 Oregon (Mr. HATFIELD) is necessarily absent.

I further announced that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

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

The result was announced—yeas 55, nays 44, as follows:

[Rollcall Vote No. 136 Leg.]

YEAS—55

Abdnor	Goldwater	Nickles
Andrews	Gorton	Packwood
Armstrong	Grassley	Percy
Baker	Hatch	Pressler
Boschwitz	Hawkins	Quayle
Brady	Hayakawa	Roth
Byrd, Harry F., Jr.	Heinz	Rudman
	Helms	Schmitt
Chafee	Hollings	Simpson
Cochran	Humphrey	Specter
Cohen	Jepsen	Stafford
D'Amato	Kassebaum	Stevens
Danforth	Kasten	Symms
Denton	Laxalt	Thurmond
Dole	Lugar	Tower
Domenici	Mathias	Wallop
Durenberger	Mattingly	Warner
East	McClure	Weicker
Garn	Murkowski	

NAYS—44

Baucus	Cannon	Ford
Bentsen	Chiles	Glenn
Biden	Cranston	Hart
Boren	DeConcini	Heflin
Bradley	Dixon	Huddleston
Bumpers	Dodd	Inouye
Burdick	Eagleton	Jackson
Byrd, Robert C.	Exon	Johnston
Kennedy	Mitchell	Riegle
Leahy	Moynihan	Sarbanes
Levin	Nunn	Sasser
Long	Pell	Stennis
Matsunaga	Proxmire	Tsongas
Melcher	Pryor	Zorinsky
Metzenbaum	Randolph	

NOT VOTING—1

Hatfield

RECESS UNTIL 9 A.M.

The motion was agreed to; and at 12:25 a.m., the Senate recessed until 9 a.m., Friday, May 21, 1982.

NOMINATIONS

Executive nominations received by the Senate May 20, 1982:

THE JUDICIARY

Steffen W. Graae, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia for a term of 15 years, vice Dyer Justice Taylor, retired.

George W. Mitchell, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia for a term of 15 years, vice William E. Stewart, Jr., retired.