HOUSE OF REPRESENTATIVES—*Monday, August 3, 1987*

The House met at 12 noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious God, as we go about in our own space and time doing the things we feel important and necessary, may we never cease to hear Your voice calling us to live above the ordinary and routine necessities of life. May we never be content with the evils that so often affect our actions and thoughts, but may we be transformed by the renewing of our minds to see again the vision of a new and brighter day, where people live together in peace and share in a community of truth and of trust, one with another. This we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Hallen, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill and joint resolution of the House of the following titles:

H.R. 1403. An act to designate the U.S. Post Office building located in St. Charles, IL, as the "John E. Grotberg Post Office Building "; and

H.J. Res. 324. Joint resolution increasing the statutory limit on the public debt.

The message also announced that the Senate insists upon its amendments to the joint resolution (H.J. Res. 324) entitled "Joint resolution increasing the statutory limit on the public debt," and requests a conference with the House on the disagreeing votes of two Houses thereon and appoints Mr. BENTSEN, Mr. MOYNIHAN, Mr. MATSUNAGA, Mr. CHILES, Mr. HOLLINGS, Mr. LEVIN, Mr. PACKWOOD, Mr. DOLE, Mr. ARMSTRONG, Mr. DOMENICI, and Mr. GRAMM to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill and concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 970. An act to authorize a research program for the modification of plants and plant materials, focusing on the development and production of new marketable industrial and commercial products, and for other purposes; and

S. Con. Res. 29. Concurrent resolution expressing the sense of Congress regarding the inability of American citizens to maintain regular contact with relatives in the Soviet Union.

CONSENT CALENDAR

The SPEAKER. This is the day for the call of the Consent Calendar.

The Clerk will call the first eligible bill on the Consent Calendar.

PROVIDING THAT CERTAIN LANDS SHALL BE IN TRUST FOR THE PECHANGA BAND OF LUISENO MISSION INDIANS OF THE PECHANGA RESERVATION, CALIFORNIA

The Clerk called the bill (H.R. 2615) to provide that certain lands shall be in trust for the Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation, California.

There being no objection, the Clerk read the bill as follows:

H.R. 2615

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CERTAIN LANDS HELD IN TRUST FOR PECHANGA BAND.

All right, title, and interest of the United States in and to the land acquired by the deed dated March 11, 1907, pursuant to the Act of June 21, 1906 (34 Stat. 333), is hereby declared to be held in trust by the United States for the use and benefit of the Pechanga Band of Luiseno Mission Indians of California. Such land is hereby declared to be part of the Pechanga Indian Reservation.

SEC. 2. PUBLICATION OF LAND DESCRIPTION.

The Secretary of the Interior shall publish in the Federal Register the description of the land referred to in section 1.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAKING MISCELLANEOUS TECHNICAL AND MINOR AMENDMENTS TO LAWS RELATING TO INDIANS

The Clerk called the bill (H.R. 2937) to make miscellaneous technical and minor amendments to laws relating to Indians, and for other purposes.

There being no objection, the Clerk read the bill as follows:

H.R. 2937

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of June 25, 1910 (36 Stat. 856) as amended, is further amended by deleting the phrase "the age of twenty-one years, *or over*" and inserting, in lieu thereof, the phrase "the age of eighteen years or older".

SEC. 2. (a) The Act of September 14, 1961 (75 Stat. 500) is amended by—

(1) deleting the phrase "Section 5, lots 7 and 8;" in section 1, and

(2) inserting the phrase "Section 5, lots 7 and 8;" after the phrase "Township 15 north, range 3 east:" in section 2.

(b) Subsection (e) of section 2 of the Act of October 28, 1986 (100 Stat. 3243) is hereby repealed.

SEC. 3. Section 1 of the Act of October 19, 1973 (87 Stat. 466) is amended by—

(1) inserting "(a)" before the word "That";

(2) deleting the phrase "any interest earned thereon" and inserting, in lieu thereof, the phrase "any investment income earned thereon"; and

(3) adding the following new subsections—

"(b) Except as provided in the Act of September 22, 1961 (75 Stat. 584), amounts which the Secretary of the Interior has remaining after implementation of either a plan under this Act, or another Act enacted heretofore or hereafter providing for the use or distribution of amounts awarded in satisfaction of a judgment in favor of an Indian tribe or tribes, together with any investment income earned thereon and after payment of attorney fees and litigation expenses, shall be held in trust by the Secretary for the tribe or tribes involved if the plan or Act does not otherwise provide for the use of such amounts.

"(c) This Act may be cited as the 'Indian Tribal Judgment Funds Use or Distribution Act'.".

SEC. 4. Paragraph (2) of section 2 of the Old Age Assistance Claims Settlement Act (98 Stat. 2317) is amended by inserting a colon after the phrase "trust property" and the following proviso—

"*Provided*, That, except for purposes of section 4, the term also includes the reimbursements for welfare payments identified in either the list published on April 17, 1985, at page 15290 of volume 50 of the Federal Register, as modified or amended on November 13, 1985, at page 46835 of volume 50 of the Federal Register, or the list published on March 31, 1983, at page 13698 of volume 48 of the Federal Register, as modified or amended on November 7, 1983, at page 51204 of volume 48 of the Federal Register".

SEC. 5. (a) Paragraph (1) of section 3 of the White Earth Reservation Land Settlement Act of 1985 (100 Stat. 61, 62) is amended to read as follows—

"(1) 'Heir' means a person who received or was entitled to receive an allotment or interest as a result of testate or intestate succession under applicable Federal or Minnesota law, or one who is determined under section 9, by the application of the inheritance laws of Minnesota in effect on March 26, 1986, to be entitled to receive compensation payable under section 8.".

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

(b) Subsection (b) of section 5 of the White Earth Reservation Land Settlement Act is amended to read as follows—

"(b) The 'proper county recording officer', as that term is used in subsection (a) of this section, shall be a county recorder, registrar of titles, or probate court in Becker, Clearwater, or Mahnomen Counties, Minnesota.".

SEC. 6. The Secretary of the Interior shall calculate and certify to the Secretary of the Treasury for payment to Cook Inlet Region, Inc., pursuant to section 2 (a) and (e) of Public Law 94-204 (89 Stat. 1146), as amended by section 1411 of Public Law 96-487 (94 Stat. 2497) and section 22 of Public Law 99-396 (100 Stat. 846), a final determination of interest on funds withheld from revenues owed to Cook Inlet Region, Inc. under section 14(g) of the Alaska Native Claims Settlement Act, 43 U.S.C. 1613(g), and paid to the Treasury as windfall profits taxes on oil production from the Swanson River and Beaver Creek units in Alaska of which Cook Inlet Region, Inc. may be regarded as a producer under 26 U.S.C. 4996(a)(1), as though such funds had been withheld before conveyance to Cook Inlet Region, Inc. of interests in leases within those units. Such interest shall be calculated and paid for the period from the dates on which such funds otherwise would have been paid to Cook Inlet Region, Inc. to the date of refund of the principal amounts withheld.

With the following committee amendments:

Page 2, line 1, before the quotation marks, insert a comma and the words "or over".

Page 4, after line 11, insert the following:

SEC. 6. The Secretary of the Interior shall calculate and certify to the Secretary of the Treasury for payment to Cook Inlet Region, Inc., pursuant to section 2 (a) and (e) of P.L. 94-204 (89 Stat. 1146), as amended by section 1411 of P.L. 96-487 (94 Stat. 2497) and section 22 of P.L. 99-396 (100 Stat. 846), a final determination of interest on funds withheld from revenues owed to Cook Inlet Region, Inc. under section 14(g) of the Alaska Native Claims Settlement Act, 43 U.S.C. 1613(g), and paid to the Treasury as windfall profits taxes on oil production from the Swanson River and Beaver Creek units in Alaska of which Cook Inlet Region, Inc. may be regarded as a producer under 26 U.S.C. 4996(a)(1), as though such funds had been withheld before conveyance to Cook Inlet Region, Inc. of interests in leases within those units. Such interest shall be calculated and paid for the period from the dates on which such funds otherwise would have been paid to Cook Inlet Region, Inc. to the date of refund of the principal amounts withheld.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of eligible bills on the Consent Calendar.

THE DEATH OF BILLY GRIEGO

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, this week in Santa Fe a good friend of mine, Billy Griego, died of AIDS. He was a beautiful person, kind, committed and with a social conscience.

I mention this for two reasons. First, because I have become another statistic, an individual in this country who knows someone that died of AIDS. Second, because the death of Billy Griego, an Hispanic, is another statistic in itself, the growing number of minorities afflicted with this deadly disease.

According to reliable data, the number of AIDS victims is twice, among minorities, than in whites.

Mr. Speaker, since Billy's death I have become more conscious of AIDS because it hit home and that is a problem. Many of us in this country will not react unless it affects us personally.

Let us all, government and private citizens, work together to fight this deadly disease before it touches us personally.

It will, unless we act.

REVIEW OF A LETTER

(Mr. BARTON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BARTON of Texas. Mr. Speaker, each session of Congress, thousands of issues are considered. On many of those issues, the stakes are high. To ensure fair and honest debate, the House has a rigorous set of rules and procedures to follow. This is good.

Sometimes, in presenting their side on an issue, or in trying to build support for their position, Members violate these rules.

Mr. Speaker, I insert into today's RECORD an official letter of a subcommittee of one of the standing committee's of this House. I ask you and my colleagues to review this letter, and ask yourself these questions:

First. Why was it sent on subcommittee stationery instead of the Member's personal stationery?

Second. Why did few, if any, of the subcommittee members know of its transmittal?

Third. Is this letter a violation of the Rules of the House and an abuse of congressional power?

Fourth. What action should the House take to answer the serious questions raised by this letter?

The letter follows:

SUBCOMMITTEE ON TELECOMMUNICATIONS AND FINANCE,
Washington, DC, July 24, 1987.

Mr. GEORGE L. BALL,
Chairman and Chief Executive Officer, Prudential-Bache Securities, New York, NY.

DEAR MR. BALL: On July 21, 1987, Barry M. Abramson, C.F.A., vice president and Margaret D. Jones, C.F.A., vice president, of your firm responded in writing to an inquiry from Congressman Carlos J. Moorhead concerning the possible impact on the financial markets of my amendment on emergency planning for two nuclear powerplants.

In their letter, Mr. Abramson and Ms. Jones make the assertion that my amendment would lead to a $100 billion loss to the financial markets: "We would conservatively estimate that a greater than $100 billion reaction in the financial markets could occur to reflect the potential loss of value of these assets." Mr. Abramson and Ms. Jones then go on to conjecture that my amendment could trigger future brownouts and utility costs which could amount to "upwards of $200 billion." The text of their letter, as reprinted in the Congressional Record, is enclosed for your review.

As Chairman of the Subcommittee on Telecommunications and Finance, I found this letter surprising and potentially disturbing for a number of reasons: (1) the presence of factual inaccuracies pertaining to the substance of the amendment; (2) the lack of clarity as to the legal and financial assumptions underlying the opinions expressed in the letter; and (3) the appropriateness of Prudential-Bache politicizing official financial research opinions. The letter raises serious questions about the nature and adequacy of the advice provided to your customers, the extent to which this letter need be relied upon by Prudential-Bache in recommendations to your clients, and the reasonableness and prudence of the judgments supporting the opinions expressed in the letter.

In order to establish whether your analysts' letter is in accordance with recommendations which you are making to your clients and therefore not calling into question the anti-fraud provisions of the Federal securities law, I expect that you will supply the Subcommittee on Telecommunications and Finance with the following materials no later than the close of business, Tuesday, July 28, 1987:

(1) Provide all legal opinions, analysis, information, documents memoranda, or notes prepared or relied upon by Prudential-Bache in assessing the impact of the Markey amendment.

(2) When did Prudential-Bache commence and end its analysis concering the Markey amendment?

(3) When did Prudential-Bache receive Cong. Moorhead's inquiry concerning the amendment? Please provide a copy of Mr. Moorhead's inquiry. Identify all Prudential-Bache employees involved in the handling of Mr. Moorhead's inquiry and describe what their respective roles were.

(4) If in fact the July 21, 1987 opinion is the official position of Prudential-Bache, has your company issued or changed any recommendation regarding the purchase or sale of any security, including nuclear utility securities to its customers? If not, why not? Provide all research analysis, as well as all written materials circulated to sales staff or to clients regarding recommendations to buy or sell nuclear utility securities from January 1, 1987 to the present.

(5) Explain in detail how the analysis contained in your letter of July 21, 1987, impacts your decision to recommend the purchase or sale of nuclear utility securities.

(6) Will Prudential-Bache recommend selling and not buying nuclear utility securities if the Markey amendment passes?

We would hope that after careful review of all of the circumstances surrounding the issuance of the July 21, 1987 letter Prudential-Bache would disavow the opinions expressed therein and withdraw the letter.

If you have any questions concerning this request do not hesitate to contact Mr. Lawrence R. Sidman, staff director and chief counsel of the Subcommittee at (202) 226-2424.

Sincerely,

EDWARD J. MARKEY,
Chairman.

FAKE FASTENERS

(Mr. ECKART asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ECKART. Mr. Speaker, fake industrial fasteners—bolts, nuts and screws—pose an invisible threat to our Nation's security and costing the U.S. 30,000 jobs. Millions of the 7 billion large bolts and screws used every year in the U.S. in airplanes, nuclear powerplants, bridges, highrise buildings, and defense machinery fail to meet necessary standards. Fake bolts were even found in the space shuttle program's ground support system.

When used improperly, bolts and screws can fail, causing equipment breakdown, injuries and deaths. No one knows exactly how many substandard bolts have been installed throughout the country. But surveys of defense contractor inventories have found counterfeit levels as high as 50 percent. One defense procurement office bought over 10 million counterfeits of a particular bolt in just 2 years.

The root of the problem are foreign manufacturers who have flooded the U.S. market with cheap counterfeit and mismarked bolts, apparently at the request of American importers. Our domestic industry has been almost wiped out, thanks to the failure of the Commerce Department and the International Trade Commission to recognize the importance of the fastener industry to our national defense.

Indeed, the Government has been slow to respond to this threat. In 1981, the Nuclear Regulatory Commission reported more bolt failures at nuclear powerplants than had been reported since 1964; yet NRC took no action to correct the problem. And in 1986, NRC inspection reports found that low-strength bolts are randomly used in nuclear powerplants in applications requiring high-strength bolts. Still, the NRC remains a silent regulator on this issue. The consequences of equipment failure at nuclear powerplants would be devastating; yet, the NRC and the nuclear industry are playing Russian roulette with safety.

As late as June 9 of this year, the Commerce Department issued an economic assessment of the domestic fastener industry which completely ignored the widespread problem of mismarked foreign bolts.

Instead of burying its head in the sand and hoping the problem won't be noticed, the Government needs to act. The Energy and Commerce Committee, under the leadership of Chairman DINGELL, is conducting an investigation and holding hearings to determine the extent of the problem and possible solutions. At a minimum, we must stop the flow of fraudulent bolt imports, purge civilian and defense inventories, and devise a system to ensure we don't simply replace bad with worse.

GETTING OUR NUCLEAR WASTE DISPOSAL PROGRAM BACK ON TRACK

(Mr. MORRISON of Washington asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORRISON of Washington. Mr. Speaker, today I am introducing legislation that will provide the direction that is so necessary if we are to get our Nuclear Waste Disposal Program back on track.

This bill would temporarily halt the selection process for a geologic repository and establish a system for selecting at least four regional, above ground storage facilities for the packaging and storage of our spent nuclear fuel and high-level radioactive waste.

The current disposal program, mandated under the Nuclear Waste Policy Act, is simply not working as envisioned by Congress. Rather than place the blame, I am offering an alternative specifically designed to fit in with legislation recently introduced by Congressman UDALL, the Nuclear Waste Policy Commission Act of 1987. While the Udall bill calls for a Commission to review the Geologic Disposal Program, this legislation would ensure safe but rapidly available temporary storage. Under this combination we can guarantee safe storage and eventually permanent disposal for spent fuel and high level radioactive waste. An added advantage to this approach is the easy access an above ground storage facility would provide should this Nation decide to process and use this valuable resource.

This is how the legislation would work. The bill requires the Department of Energy to establish criteria for the selection of these facilities in conjunction with the Environmental Protection Agency and the Nuclear Regulatory Commission. The DOE then has latitude to select at least four sites that meet this criteria. The criteria require the DOE to meet existing environmental laws; consider any possible adverse effects on the local communities; and minimize transportation and handling of radioactive waste. The DOE would also be required to consider the use of existing Federal facilities during the site selection process. State and Indian tribes would retain the veto power and the financial assistance provisions of the existing Nuclear Waste Policy Act. The legislation also encourages the storage of wastes near the area of generation, thus reducing transportation and forcing regions to take more responsibility for the waste they generate.

I am concerned that the current implementation of the Geologic Disposal Program is simply not meeting the needs of the expectations of a public that depends on nuclear energy for 18 percent of their electrical energy. The establishment of regional storage facilities can provide assurances that nuclear waste can be properly disposed of while giving Congress and the public more time to determine if the geologic disposal option mandated under the Nuclear Waste Policy Act is the best approach for long-term disposal of these materials.

SECTION-BY-SECTION ANALYSIS—REGIONAL MONITORED RETRIEVABLE STORAGE ACT, HON. SID MORRISON, AUGUST 3, 1987

SECTION 1

Titles the bill the "Regional Monitored Retrievable Storage Act." Offers an explanation of the need for the legislation.

SECTION 2

Suspends site specific activities of the geologic repository program and the single MRS program. Activities could not resume until reauthorized by Congress.

SECTION 3

Authorizes the Secretary of Energy to develop and construct at least four regional monitored retrievable storage facilities, one in each of four designated regions of the country. Establishes criteria for the design of the facilities which include a 15,000 metric ton capacity and a 50 year minimum life. Establishes site selection criteria which must consider environmental concerns, minimization of transportation, and use of existing federal facilities. Precludes the construction of a geologic repository in a state that hosts an MRS. Encourages the storage of radioactive waste within the region where it is generated. Provides authorization for financial assistance to affected states and Indian tribes. Allows affected states and Indian tribes veto power as prescribed in the Nuclear Waste Policy Act of 1982.

SECTION 4

Accelerates a program of research and development of alternatives for permanent disposal of spent fuel and radioactive wastes. Establishes a university-based consortium to investigate the feasibility of subseabed disposal. Authorizes funding for the subseabed disposal program.

SECTION 5.

Provides authority for states to regulate transportation of radioactive materials through permitting, driver training and use restrictions.

THE PEOPLE OF NICARAGUA DID NOT CHOOSE COMMUNISM

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Mr. Speaker, as the Iran-Contra hearings wind down, the Congress should be mindful that the American people now understand that

the President's Contra aid request is the best and only hope for a democratic solution in Nicaragua.

Unfortunately, when it comes to supporting democracy in Nicaragua the knee-jerk reaction of many Democrats in Congress has been, "just say no!".

Why have these Democrats turned their back on their own heritage? In 1940 President Franklin Roosevelt said, "the people of other nations have the right to choose their own form of government. But we in this Nation believe that such a choice should be predicated on certain freedoms which we think are essential everywhere."

The people of Nicaragua did not choose communism!!!

And reflect on the second part of F.D.R.'s statement, "We in this Nation believe that such a choice should be predicated on certain freedoms which we believe are essential everywhere.

F.D.R. was talking about the right to assemble, the freedom of the press and the right to vote in free and fair elections. These are the freedoms which the Contras are willing to fight and die for.

Lt. Col. Oliver North of the U.S. Marine Corps is right and the American people know he is right! They know it because they share a heritage with the democratic resistance, the Contras, in their fight for freedom and democracy.

The Congress must support the President's request to fund the democratic resistance in Nicaragua.

INTRODUCTION OF LEGISLATION TO REHIRE 1,000 AIR TRAFFIC CONTROLLERS

(Mr. MOLINARI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOLINARI. Mr. Speaker, today marks the sixth anniversary of the PATCO strike. On August 3, 1981, 11,400 controllers walked out on an illegal strike. The President rightly fired them. At that time, the Federal Aviation Administration promised the flying public that the air traffic control system would be rebuilt within 2½ years. Today, 6 years since the strike and 3½ years after the predicted recovery date, we are still far from recovered.

The public knows it and the safety indicators show that the system is in a crisis. Pilot reported near midair collisions, for example, have increased 30 percent in the first half of 1987. Today we have 3,500 fewer experienced controllers than before the strike. We desperately need experience in our control facilities.

It is time to put aside the unaltered opposition to the selective rehiring of some of the fired controllers. I have introduced legislation, H.R. 378, to rehire 1,000 of the fired controllers over the next 2 fiscal years. The bill currently has 171 cosponsors. After 6 years and for sake of safety and safety alone, I appeal to my colleagues and the administration to support my legislation.

FEDERAL TAXPAYERS' RIGHT-TO-KNOW ACT

(Mr. WOLPE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLPE. Mr. Speaker, while preparing my Michigan tax return earlier this year I noticed that Michigan puts two pie charts on its tax instruction booklet. One illustrates the source of State revenues and one indicates how those tax dollars are actually spent.

It occurred to me that the Federal Government should provide taxpayers with the same information.

As a consequence, I recently introduced the Federal Taxpayers' Right-To-Know Act. This bill would require the IRS to provide two pie charts on the cover of its tax instruction booklet, one which illustrates the source of Federal revenues and another which indicates how these Federal tax dollars are spent.

I believe that the simple step contained in this bill would encourage greater public interest, and greater understanding of issues related to Federal revenues and expenditures and budgeting. Providing taxpayers with this information will, in my view, encourage more informed public debate on federal budget policy that will hopefully contribute to the national consensus necessary to bring the deficit crisis under control.

I would encourage my colleagues to consider their cosponsorship of this legislation.

□ 1215

PROPOSED LEGISLATION WOULD SET LIMITS FOR CONTINUED REFLAGGING OF KUWAITI SHIPS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, the Persian Gulf is like a time bomb ticking down to a crisis. Recently our allies, France and England, have decided that they will not send minesweepers to the gulf because, in their words, they do not want to intensify a possible conflict.

In fact, France will not help, England will not help, and not even Kuwait will help or cooperate even though it is their oil we are protecting. In fact, what they say, Mr. Speaker, is, if this thing is going to blow up, let it blow up in the face of America. They are saying, "Let American taxpayers pay. Let Americans take the risks and possibly die. Don't endanger ourselves."

Mr. Speaker, the bottom line is that I think it is time America stop this joy ride, this free ride, all over the planet. They should pay their own way. H.R. 3039, which I have introduced, has 70 cosponsors already, and it basically says this: If Kuwait will not let our minesweeping helicopters land on their property and give us the assistance we need to protect the lives of our troops, then we will take our flags off their tankers. I think it is time that Congress starts to act responsibly. The joy ride is over.

TODAY'S AGENDA INCLUDES LEGISLATION TO IMPROVE VETERANS' HOUSING PROGRAMS

(Mr. BROOKS asked and was given permission to address the House 1 minute and to revise and extend his remarks.)

Mr. BROOKS. Mr. Speaker, I rise in support of H.R. 2672. It is a good bill and will provide much needed assistance to the veterans who are so deserving. It was put together by the hard work, dedication, and diligence of the Housing and Memorial Affairs Subcommittee under the leadership of the gentlewoman from Ohio, Chairwoman MARCY KAPTUR and under the general directorship of the gentleman from Mississippi, General SONNY MONTGOMERY.

I would like to call to the House's attention one example of her hard work. Last Friday, Ms. KAPTUR took her subcommittee to Houston to review the administration of the VA's Home Loan Guaranty Program there. Testimony at this hearing confirmed that major deficiencies exist in the VA's policies and procedures in providing for the veterans' housing needs in southeast Texas.

H.R. 2672 which we are considering today will bring much needed improvement to the VA's Housing Program. However it is up to the administration to address many of the managerial deficiencies that exist in southeast Texas.

I urge my colleagues to support H.R. 2672.

WHAT THE HECK IS GOING ON IN THE PERSIAN GULF?

(Mr. SCHUMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, last week on this floor I addressed the House and I asked the President as Commander in Chief, "What the heck is going on?" We have a $300 billion

defense budget, a 600-ship Navy, and yet some World War II vintage mines supposedly placed by the Iranians were able to stop our convoy so that the United States was in the unfortunate position of having its up-to-date destroyers and frigates have to hide behind the tanker *Bridgeton.* Well, a day later Robert Sims at the Pentagon got up and said that some of us here in Congress did not understand defense policy because the mines were placed where we did not think they would be.

Well, I can say to Mr. Sims that you do not have to be a military genius to realize that the Iranians would place the mines where we thought they would not, and if you were sitting down and thinking about naval policy 6 months ago and you were asked, what is an area we should prepare for, it would be the closure of the Persian Gulf, one of the most vital waterways in the free world.

A picture is equal to a thousand words, Mr. Speaker, and this Herblock cartoon in the Washington Post I think, sums it up well. It shows the United States shouldering supercarriers, nuclear missiles, a 600-ship Navy, superplanes, and it stubs its toe on a World War II mine. The title is "Oops."

Mr. Speaker, we have to straighten out our defense budget and get those priorities set, and until then we ask, "Mr. President, as Commander in Chief, what the heck is going on?"

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore (Mr. LEATH of Texas) laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC, *July 31, 1987.*

Hon. JIM WRIGHT,
The Speaker, House of Representatives, Washington DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House at 5:31 p.m. on Friday, July 31, 1987 and said to contain a message from the President whereby he transmits the United States Arctic Research Plan pursuant to Section 109 of P.L. 98-373.

With great respect, I am,
Sincerely yours,
DONNALD K. ANDERSON,
Clerk, House of Representatives.

U.S. ARCTIC RESEARCH PLAN—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Science, Space, and Technology:

(For message, see proceedings of the Senate of Friday, July 31, 1987, at page S11056.)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken at the conclusion of legislative business today.

VETERANS' HOUSING REHABILITATION AND PROGRAM IMPROVEMENT ACT OF 1987

Mr. MONTGOMERY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2672) to amend title 38, United States Code, for the purpose of improving veterans' housing programs, as amended.

The Clerk read as follows:

H.R. 2672

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCE.

(a) SHORT TITLE.—This Act may be cited as the "Veterans' Housing Rehabilitation and Program Improvement Act of 1987".

(b) REFERENCE.—Whenever in this Act an amendment, repeal, redesignation, or transfer is expressed in terms of an amendment to, or repeal, redesignation, or transfer of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code, unless otherwise specified.

SEC. 2. SENSE OF CONGRESS REGARDING SALE OF CERTAIN LOANS.

(a) FINDINGS.—The Congress finds that—

(1) a recent change in accounting procedures proposed by the Office of Management and Budget and concurred in by the Congressional Budget Office with regard to accounting for the proceeds of loans sold with recourse by an agency of the Federal Government has had a significant effect and seriously limited the policymaking function of the Congress;

(2) this change was accepted by the Congressional Budget Office without consultation with committees affected by such change; and

(3) further, continued efforts to achieve short-term savings in the Veterans' Administration loan guaranty revolving fund are compromising the Administrator of Veterans' Affairs' ability to manage soundly the financing of the Veterans' Administration housing loan guaranty program, thereby jeopardizing the future of this very successful program.

(b) SENSE OF CONGRESS.—It is therefore the sense of the Congress—

(1) that the Congressional Budget Office should reverse its decision on accounting for loans sold with recourse by the Veterans' Administration; and

(2) that, consistent with section 7 of the concurrent resolution on the budget for fiscal year 1988, any change in the assets sales policy of the Veterans' Administration should not be considered in future budget resolutions as a means of achieving deficit reduction.

SEC. 3. LOAN ORIGINATION FEE.

(a) EXTENSION.—Section 1829(c) is amended by striking out "1987" and inserting in lieu thereof "1989".

(b) WAIVER.—Section 1829(b) is amended by striking out "described in section 1801(b)(2) of this title" and inserting in lieu thereof "of any veteran (including a person who died in the active military, naval, or air service) who died from a service-connected disability".

SEC. 4. GUARANTY AMOUNT.

(a) PURCHASE OR CONSTRUCTION OF HOMES.—(1) Section 1803(a)(1) is amended by striking out "in an amount" and all that follows and inserting in lieu thereof the following: "in an amount not to exceed—

"(A) 40 percent of the loan, or $40,000, whichever is less, reduced by

"(B) the amount of entitlement previously used by the veteran under this chapter and not restored as a result of the exclusion in section 1802(b) of this title."

(2) Section 1810(c) is repealed.

(b) MANUFACTURED HOMES.—Section 1819(c) is amended—

(1) in paragraph (3), by striking out the first sentence and inserting in lieu thereof the following: "The Administrator's guaranty may not exceed—

"(A) 30 percent of the loan, or $20,000, whichever is less, reduced by

"(B) the amount of entitlement previously used by the veteran under this chapter and not restored as a result of the exclusion in section 1802(b) of this title."; and

(2) by striking out paragraph (4).

(c) DIRECT LOANS.—Section 1811 (d)(2)(A) is amended by striking out "$27,500" each place it appears and inserting in lieu thereof "$40,000".

SEC. 5. ASSISTANCE PROVIDED IN DEFAULT.

Section 1816(a) is amended by adding at the end the following new paragraph:

"(4) Upon receipt of a notice pursuant to paragraph (1) of this subsection, the Administrator shall, through the appropriate local office of the Veterans' Administration, contact the veteran concerned for the purpose of providing the veteran with information about—

"(A) alternatives to foreclosure, including possible methods of curing the default such as (i) conveying the property to the Administrator, or (ii) utilizing the methods authorized by sections 1832(a)(2) and 1813 of this chapter; and

"(B) in the case of foreclosure, the—

"(i) Veterans' Administration and the veteran's liability with respect to the loan; and

"(ii) methods of reducing the veteran's liability to the Veterans' Administration,

unless the Administrator has received satisfactory assurances that the lender had adequately advised the veteran with respect to such matters. The Administrator shall, to the extent of the availability of appropriations, take such steps as are necessary to assure that sufficient personnel are available to effectively and efficiently administer this paragraph.".

SEC. 6. ACTIONS WITH RESPECT TO DEFAULTED LOANS.

(a) DETERMINATION OF TOTAL INDEBTEDNESS.—Section 1816(c) is amended—

(1) in paragraph (1)(D), by striking out "The" and inserting in lieu thereof "Except

as provided by paragraph (10)(B) of this subsection, the";

(2) in clause (ii) of paragraph (1)(D), by striking out "of the liquidation sale" and all that follows in such clause and inserting in lieu thereof the following: "applicable under paragraph (10)(A) of this subsection, and"; and

(3) by adding at the end the following new paragraph:

"(10)(A) The date referred to in paragraph (1)(D)(ii) of this subsection shall be—

"(i) the date of the liquidation sale of the property securing the loan;

"(ii) in any case in which there is a delay in such sale beyond a reasonable period of time caused by the holder of such loan, such earlier date as the Administrator may specify pursuant to regulations prescribed by the Administrator to implement this subsection; or

"(iii) in any case in which there is a delay in such sale beyond a reasonable period of time caused by—

"(I) the Veterans' Administration;

"(II) a voluntary case commenced under title 11, United States Code (relating to bankruptcy); or

"(III) the holder of the loan exercising forbearance at the request of the Administrator, such earlier date which the Administrator shall specify pursuant to such regulations.

"(B) For the purpose of determining the liability of the United States under a loan guaranty under clause (B) of paragraphs (5), (6), (7), and (8) of this subsection, the amount of the total indebtedness with respect to such loan guaranty shall include, in any case where there was a delay beyond a reasonable period of time caused by the Veterans' Administration in the liquidation sale of the property securing such loan, any interest which had accrued as of the date of such sale and which would not be included, except for this subparagraph, in the calculation of such total indebtedness as a result of the specification of an earlier date under subparagraph (A)(iii) of this paragraph.".

(b) NUMBER OF VENDEE LOANS.—Section 1816(d)(1) is amended by striking out "not more than 75 percent, nor less than 60 percent," in the first sentence and inserting in lieu thereof "not more than 75 percent (65 percent in the case of fiscal years 1988, 1989, and 1990), nor less than 60 percent (50 percent in the case of fiscal years 1988, 1989, and 1990),".

(c) EXTENSION.—(1) Subsection (c) of section 1816 is amended by adding at the end (after the paragraph added by subsection (a) of this section) the following new paragraph:

"(11) This subsection shall cease to have effect on October 1, 1989."

(2) Subsection (d) of section 1816 is amended by adding at the end (after the paragraph added by section 10 of this Act) the following new paragraph:

"(5) This subsection shall cease to have effect on October 1, 1989."

(3) Paragraph (2) of section 2512(c) of the Deficit Reduction Act of 1984 (Public Law 98-369; 98 Stat. 1117) is repealed.

(d) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to defaults which occur on or after 30 days after the date of the enactment of this Act.

SEC. 7. DIRECT LOANS IN AMERICAN SAMOA.

Section 1811 is amended by adding at the end the following new subsection:

"(1) The Administrator shall make loans, in accordance with subsection (d)(2) and the other provisions of this section, to eligible veterans in American Samoa in an amount equal to the amount provided to such veteran by the government of American Samoa."

SEC. 8. REMOVAL OF OCCUPANCY REQUIREMENTS IN CERTAIN CASES.

(a) REFINANCING.—(1) Section 1810(e)(1)(B) is amended by striking out "and occupied by the veteran as such veteran's home" and inserting in lieu thereof "by the veteran".

(2) Section 1819(a)(4)(A)(ii) is amended by striking out "and occupied by the veteran at such veteran's home" and inserting in lieu thereof "by the veteran".

(3) Section 1819(e)(5) is amended by inserting before the semicolon the following: "; except that the requirement of this clause shall not apply (A) in the case of a guaranteed loan that is for the purpose described in paragraph (1)(F) of subsection (a), or (B) in the case described in section 1804(c)(2)".

(b) OTHER SITUATION.—(1) Section 1804(c) is amended—

(A) by striking out "(c) No" and inserting in lieu thereof "(c)(1) Except as provided in paragraph (2) of this subsection, no";

(B) by striking out "No loan" in the second sentence and inserting in lieu thereof "Except as provided in paragraph (2) of this subsection, no loan"; and

(C) by adding the following paragraph at the end:

"(2) In any case in which a veteran is in active duty status as a member of the Armed Forces, the occupancy requirements of—

"(A) paragraph (1) of this subsection;

"(B) paragraphs (1) through (5) and paragraph (7) of section 1810(a) of this title;

"(C) section 1812(a)(5)(A)(i) of this title; and

"(D) section 1812(e)(5) of this title;

shall be considered to be satisfied if the spouse of the veteran occupies the property as the spouse's home and the spouse makes the certification required by paragraph (1) of this subsection.".

(2) Section 1810(a) is amended by striking out "(a) Any" and inserting in lieu thereof "(a) Except as provided in section 1804(c)(2) of this title, any".

(3) Section 1819(a)(5)(A)(i) is amended by inserting "(except as provided in section 1804(c)(2) of this title)" after "by the veteran".

SEC. 9. PROPERTY MANAGEMENT.

(a) HOMELESS PROGRAM.—(1) To assist homeless veterans and their families acquire shelter, the Administrator of Veterans' Affairs may enter into agreements described in paragraph (2) of this subsection with—

(A) any organization named in, or approved by the Administrator under, section 3402 of title 38, United States Code;

(B) any political subdivision of any State; or

(C) the District of Columbia.

(2) To carry out paragraph (1) of this subsection, the Administrator may enter into agreements to sell real property, and improvements thereon, acquired by the Administrator as the result of a default on a loan made or guaranteed under chapter 37 of title 38, United States Code. Such sale may be for such consideration as the Administrator determines is in the best interests of homeless veterans and the Federal Government.

(3) The Administrator may enter into an agreement under paragraph (1) only if—

(A) the Administrator determines that such an action will not adversely affect the Veterans' Administration's ability—

(i) to fulfill its statutory missions with respect to the Veterans' Administration loan guaranty program and the short- and long-term solvency of the Loan Guaranty Revolving Fund; or

(ii) to carry out other functions and administer other programs authorized by law;

(B) the entity to which the property is sold agrees to (i) utilize the property solely as a shelter primarily for homeless veterans and their families, (ii) to comply with all zoning laws relating to the property, and (iii) to make no use of the property that is not compatible with the area where the property is located; and

(C) the Administrator determines that there is little likelihood of the property being sold for a price sufficient to reduce the liability of the Veterans' Administration of the veteran who had defaulted on the loan guaranteed under chapter 37 of title 38, United States Code.

(b) JOB TRAINING PROGRAM.—(1) To assist veterans obtain training pursuant to the Veterans' Job Training Act, the Administrator may convey, to persons described in paragraph (2) of this subsection, real property and improvements described in subsection (a)(2) of this section for an amount not less than 75 percent of the fair market value of such real property and improvements.

(2) The Administrator may convey such property to persons who enter into an agreement with the Administrator to—

(A) use veterans in a program of job training under the Veterans' Job Training Act in the rehabilitation of residences on such real property; and

(B) provide a priority to veterans in the sale of such rehabilitated residences.

(3) The Administrator shall reduce the amount of any liability that a veteran has with respect to any property conveyed under this section by an amount equal to the reduction in the sale price of the property below the fair market value of the property.

SEC. 10. REHABILITATION WITH VENDEE LOANS.

Section 1816(d) is amended by adding at the end the following new paragraph:

"(4) The Administrator may include, as part of a loan to finance a purchase of property acquired by the Administrator as a result of a default on a loan guaranteed under this chapter, an amount to be used only for the purpose of rehabilitating the property to be purchased with the loan. Such amount may not exceed the amount necessary to rehabilitate the property to a habitable state and shall be made available periodically as such rehabilitation is completed."

SEC. 11. NOTIFICATION REQUIREMENT IN CASE OF ASSUMPTION OF LOAN.

(a) IN GENERAL.—Section 1817—

(1) is transferred to, and redesignated as, section 1814; and

(2) is amended to read as follows:

"§ 1814. Release from liability under guaranty

"(a)(1) If a veteran disposes of residential property securing a guaranteed, insured, or direct housing loan obtained by the veteran and the veteran notifies the holder of the loan before the property is disposed of, the veteran shall be relieved of all further liability to the Administrator on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if—

"(A) the loan is current, and

"(B) the purchaser of such property from such veteran—

"(i) is obligated by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid and has assumed by contract all of the obligations of the veteran

under the terms of the instruments creating and securing the loan; and

"(ii) qualifies from a credit standpoint, to the same extent as if the transferee were a veteran eligible under section 1810 of this title, for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which the transferee has assumed liability.

"(2) If the holder determines that the loan is not current or that the purchaser of such property does not meet the requirements of paragraph (1)(B) of this subsection, the holder shall—

"(A) notify the veteran and the Administrator of such determination; and

"(B) notify the veteran that the veteran may appeal the determination to the Administrator.

"(3)(A) Upon the request of the veteran after a determination described in paragraph (2) is made, the Administrator shall review and make a determination with respect to whether the loan is current and whether the purchaser of such property meets the requirements of paragraph (1)(B) of this subsection.

"(B) If the Administrator determines that the loan is current and that the purchaser meets the requirements of paragraph (1)(B) of this subsection, the holder shall approve the transfer, and the veteran shall be relieved of all liability with respect to such loan.

"(C) If—

"(i) the Administrator determines that the loan is not current or that the purchaser does not meet the requirements of paragraph (1)(B) of this subsection; or

"(ii) no appeal is made by the veteran under subparagraph (A) of this paragraph within 30 days after the holder informs the veteran of its determination under paragraph (2) of this subsection,

the holder may demand immediate, full payment be made of the principal, and all interest earned thereon, of such loan if the veteran disposes of the property.

"(b) If a veteran disposes of residential property described in subsection (a)(1) of this section and the veteran fails to notify the holder of the loan before the property is disposed of, the holder, upon learning of such action by the veteran, may demand immediate, full payment be made of the principal, and all interest earned thereon, of such loan.

"(c)(1) In any case in which the holder of a loan described in subsection (a)(1) of this section has knowledge of a veteran's disposing of residential property securing such loan, the holder shall notify the Administrator of such action.

"(2) If the holder fails to notify the Administrator, the holder shall be liable to the Administrator for any damage sustained by the Administrator as a result of such failure, as determined at the time the Administrator has to make payments in accordance with any insurance or guarantee made by the Administrator with respect to the loan concerned.

"(d) The Administrator shall provide that each contract entered into by a veteran with respect to a guaranteed, insured, or direct housing loan shall contain provisions implementing the requirements of this section.".

(b) EFFECTIVE DATE.—(1) The amendment made by subsection (a) shall apply to loans for which commitments are made on or after 90 days after the date of the enactment of this Act.

(2) Section 1817 of title 38, United States Code, shall continue to apply to loans for which commitments were made before the effective date of paragraph (1) of this subsection in the same manner in which such section was applicable to such loans before such effective date.

SEC. 12. MORTGAGE PAYMENT ASSISTANCE TO AVOID FORECLOSURE OF HOME LOANS GUARANTEED BY THE VETERANS' ADMINISTRATION.

(a) IN GENERAL.—Chapter 37 is amended by inserting after section 1812, as transferred and redesignated as such by section 16(b)(1) of this Act, the following new section:

"§ 1813. Loans to refinance delinquent indebtedness

"(a)(1) The Administrator may, at the Administrator's option, provide assistance to a veteran under this section for the purpose of avoiding the foreclosure of a housing loan made to that veteran and guaranteed by the Administrator under section 1810 or 1812 of this title (hereinafter in this section referred to as a 'primary loan').

"(2) Assistance under this section shall be in the form of a loan to the veteran. Such assistance may be provided only if—

"(A) the dwelling that secures the primary loan is the current residence of the veteran and is occupied by the veteran as the veteran's home;

"(B) the veteran is at least six months delinquent in payments on that primary loan;

"(C) the veteran is unemployed or has had a substantial reduction in household income (as defined in regulations prescribed by the Administrator) through no fault of the veteran; and

"(D) the Administrator determines that there is a reasonable prospect that the veteran will be able to resume payment on the primary loan within six months after receiving assistance under this section.

"(3) For the purposes of this section, the term 'veteran' includes the surviving spouse of a veteran if the surviving spouse was a co-obligor of the primary loan.

"(b)(1) A loan under this section shall be advanced to the holder of the primary loan. The amount of the loan under this subsection shall first be applied to the amount delinquent on the loan guaranteed under this chapter including any amount delinquent on taxes, assessments, and hazard insurance required by the holder to be included in the veteran's monthly payment on the mortgage. Any remaining amount of such loan shall be retained by the holder and shall be applied to future payments including taxes, assessments, and hazard insurance due on the loan and unpaid (in whole or in part) on the date the payment becomes due.

"(2) The Administrator may make more than one loan under this section to a veteran. The total amount of loans under this section to any veteran may not exceed $8,400.

"(c) A loan under this section—

"(1) shall bear interest at the lower of (A) the maximum rate in effect (as of the date of the first loan made to the veteran under this section) for loans guaranteed under section 1810(a)(1) of this title, or (B) the rate on the primary loan;

"(2) shall be secured by a lien on the property securing the primary loan and by such other security as the Administrator may require; and

"(3) shall be subject to such additional terms and conditions as the Administrator may require.

"(d) As a condition of receiving a loan under this section the veteran shall execute an agreement, in such form as the Administrator may prescribe, to repay the loan within a reasonable period of time, as determined by the Administrator, not to exceed 15 years from the date on which such loan is made. If the Administrator determines that the veteran has sufficient income or other resources to do so, the Administrator may require the veteran to make partial payments on the primary loan guaranteed under this chapter during the period the holder of that loan is applying the amount of the loan under this section to payments becoming due on the primary loan.

"(e) Notwithstanding any other law, the Administrator may employ attorneys to bring suit to collect any amount of a loan under this section on which the veteran to whom the loan is made is in default.

"(f) The Administrator's decisions on any question of law or fact regarding assistance under this section, including whether or not to grant such assistance and the terms and conditions under which such assistance is granted or not granted, shall be final and conclusive, and no other official or any court of the United States shall have power or jurisdiction to review any such decision by an action in the nature of mandamus or otherwise.

"(g) The Administrator may not make a loan under this section after the end of the two-year period beginning on the effective date of this section.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect at the end of the 60-day period beginning on the date of the enactment of this Act.

SEC. 13. APPRAISALS.

(a) QUALIFICATION FOR APPRAISERS.—Section 1831(a)(1) is amended by inserting before the semicolon at the end the following: ", including the successful completion of a written test, submission of a sample appraisal, certification of an appropriate number of years of experience as an appraiser, and submission of recommendations from other appraisers".

(b) LENDER APPRAISAL.—(1) Section 1831 is amended—

(A) in subsection (c), by striking out "The Administrator shall, upon request," and inserting in lieu thereof "Except as provided in subsection (f) of this section, the appraiser shall forward an appraisal report to the Administrator for review. The Administrator shall then determine the reasonable value of the property for purposes of this chapter, and notify the veteran of such determination. Upon request, the Administrator shall";

(B) in subsection (d), by striking out "lender—" and inserting in lieu thereof "lender (other than a lender described in subsection (f) of this section)—"; and

(C) by adding at the end thereof the following new subsection:

"(f) The Administrator may, in accordance with standards and procedures established by the Administrator, authorize certain lenders to determine the reasonable value of the property. In such a case, the appraiser selected by the Administrator pursuant to subsection (b) of this section shall forward the appraisal report directly to the lender for review who shall, upon request, furnish a copy of such appraisal to the veteran concerned.".

(2) Section 1810(b) is amended—

(A) in paragraph (5), by striking out "by the Administrator;" and inserting in lieu thereof, "pursuant to section 1831 of this title;"; and

(B) by striking out the final sentence thereof.

SEC. 14. EXCLUSION FROM VETERAN'S LIABILITY.

Subchapter III of chapter 37 is amended by adding the following new section after the section added by section 16(b)(3) of this Act:

"§ 1834. Exclusion from liability

"In any case in which the Administrator refuses to accept a veteran's offer to convey the property securing a housing loan which is guaranteed under this chapter and with respect to which a default has occurred, the Administrator may not include in the liability of the veteran to the Administrator with respect to such loan any interest or other charges, including the cost of foreclosure proceeding, incurred with respect to such loan after 30 days after the date on which such offer is made."

SEC. 15. DEMONSTRATION PROGRAM.

(a) IN GENERAL.—(1) The Administrator of Veterans' Affairs shall carry out a demonstration project under this section during fiscal years 1988 and 1989 for the purpose of guaranteeing loans in a manner similar to the manner in which the Secretary of Housing and Urban Development insures adjustable rate mortgages under section 251 of the National Housing Act.

(2) The Administrator shall carry out such project through the housing loan guaranty program office at a regional office of the Veterans' Administration.

(b) REPORT.—The Administrator shall transmit a report to the Congress no later than December 31, 1989, containing a description of the results of the implementation of the project carried out under this section and shall continue to make annual reports to the Congress with respect to the default rate and other information concerning the loans guaranteed under this section.

SEC. 16. TECHNICAL AMENDMENTS.

(a) TECHNICAL REORGANIZATION OF SUBCHAPTER I OF CHAPTER 37.—(1) Section 1802(a) is amended—

(A) by striking out "(a)" and inserting in lieu thereof "(a)(1)";

(B) by striking out the first sentence and inserting in lieu thereof: "The veterans described in paragraph (2) of this subsection are eligible for the housing loan benefits of this chapter.";

(C) by striking out "in the preceding sentence, or in section 1818 of this title," in the second sentence and inserting in lieu thereof "in paragraph (2)";

(D) by striking out "(1)" and "(2)" in the second sentence and inserting in lieu thereof "(A)" and "(B)", respectively;

(E) by redesignating clauses (A) and (B) as clauses (i) and (ii), respectively; and

(F) by adding at the end the following:

"(2) The veterans referred to in the first sentence of paragraph (1) of this subsection are the following:

"(A) Each veteran who served on active duty at any time during World War II, the Korean conflict, or the Vietnam era and whose total service was for ninety days or more.

"(B) Each veteran who was discharged or released from a period of active duty, any part of which occurred during World War II, the Korean conflict, or the Vietnam era, for a service-connected disability.

"(C) Each veteran whose only active duty service occurred after July 25, 1947, and prior to June 27, 1950, and who—

"(i) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

"(ii) served for a period of 180 days or less and was discharged or released for a service-connected disability.

"(D) Each veteran who served on active duty, any part of which occurred after January 3, 1955, and prior to August 5, 1964, or after May 7, 1975, and who—

"(i) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable;

"(ii) has served more than 180 days in active duty status and continues on active duty without a break therein; or

(iii) was discharged or released from such active duty for a service-connected disability.

"(3) Any entitlement based solely on the provisions of clause (D) of paragraph (2) of this subsection which had not expired as of October 23, 1970, and any such entitlement occurring after such date, shall not expire until used.".

(2) Subsection (g) of section 1802 is transferred to the end of subsection (a) of such section, as amended and otherwise modified by the other provisions of this subsection, and is redesignated as paragraph (4) of such subsection (a).

(3)(A) Paragraph (2) of section 1803(a) is transferred to the end of subsection (a) of section 1802, as amended and otherwise modified by the other provisions of this subsection, and redesignated as paragraph (5) of such subsection (a).

(B) Section 1815—

(i) is amended by striking out the section heading; and

(ii) is transferred to the end of section 1803(a) and subsections (a) and (b) of such section 1815 are redesignated as paragraphs (2) and (3) of such section 1803(a).

(4) Sections 1807 and 1818 are repealed.

(b) TECHNICAL REORGANIZATION OF SUBCHAPTERS II AND III OF CHAPTER 37.—(1) Section 1819 (as amended by sections 4(b), 8(a) (2) and (3), and 8(b)(3) of this Act) is transferred to, and redesignated as, section 1812.

(2) The title heading of section 1816 and subsections (a) (as amended by section 5 of this Act), (b), and (c) (as amended by subsections (a) and (c)(1) of section 6 of this Act) of such section 1816 are transferred to, and redesignated as, a new section 1832.

(3) Subsections (d) (as amended by section 2, subsections (b) and (c)(2) of section 6, and section 10 of this Act), (e) and (f) of section 1816 are transferred to, and redesignated as, subsections (a), (b), and (c), respectively, of a new section 1833 with the following heading:

"§ 1833. Property management".

(4) Section 1832—

(A) is amended by striking out the section heading; and

(B) is transferred to the end of the new section 1833 added by paragraph (3) of this subsection and is designated as subsection (d) of such new section 1833.

(c) TABLE OF CONTENTS.—The table of contents of chapter 37 is amended—

(1) by striking out the item for section 1807;

(2) by striking out the items relating to subchapter II and inserting in lieu thereof the following:

"SUBCHAPTER II—LOANS

"1810. Purchase or construction of homes.
"1811. Direct loans to veterans.
"1812. Loans to purchase manufactured homes and lots.
"1813. Loans to refinance delinquent indebtedness.
"1814. Release from liability under guaranty."; and

(3) by striking out the item relating to section 1832 and inserting in lieu thereof the following:

"1832. Procedure on default.
"1833. Property Management."

(d) CONFORMING AMENDMENTS.—(1) Section 1801(a) is amended by striking out "1819(a)(1)" and inserting in lieu thereof "1812(a)(1)".

(2) Section 1803(c)(3) is amended by striking out "1819" in clauses (A) and (E) and inserting in lieu thereof "1812".

(3) Section 1810 is amended—

(A) in subsection (a)(9)(B)(ii), by striking out "section 1819(a)(5)" and inserting in lieu thereof "section 1812(a)(5)"; and

(B) in subsection (g)(2), by striking out "section 1819(e)(2)" and inserting in lieu thereof "section 1812(e)(2)".

(4) Section 1811 is amended by striking out "1819" each place it appears and inserting in lieu thereof "1812".

(5) Any reference, in effect on the date of the enactment of this Act, in any law to any of the sections, or parts thereof, redesignated or transferred by this section shall be construed to refer to the section, or part thereof, as redesignated or transferred by this section.

(e) TECHNICAL NATURE OF AMENDMENTS.—The status of any veteran with respect to benefits under chapter 37 of title 38, United States Code, shall not be affected by the amendments made by, or other provision of, this section.

The SPEAKER pro tempore. Is a second demanded?

Mr. SOLOMON. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Mississippi [Mr. MONTGOMERY] will be recognized for 20 minutes and the gentleman from New York [Mr. SOLOMON] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Speaker, I yield myself such time as I may consume.

H.R. 2672 is a major veterans housing reform measure. I want to commend the distinguished gentlewoman from Ohio [Ms. KAPTUR], the very able chairwoman of our Subcommittee on Housing and Memorial Affairs, for the many hours she has devoted to hearings on every facet of the housing programs administered by the Veterans' Administration. This bill is the result of her leadership. It is the first comprehensive housing reform package to come out of our committee in many years.

So I applaud the gentlewoman for her efforts. I want to thank her for the excellent work she has done. She has held many hearings in Washington and she has conducted extensive oversight hearings in the field. I accompanied her and other members of

the subcommittee to Greenville, SC, earlier this year. We heard excellent testimony from Steadman Sloan, director of the regional office in Columbia, and members of his staff. We heard from my good friend E. Roy Stone, executive committeeman of the American Legion and Paul Greer, past department commander of the Disabled American Veterans. We heard from the mortgage bankers, homebuilders and realtors in the Greenville-Spartanburg area.

We received some very good proposals on how to help the veteran. Some of their recommendations are contained in this bill.

The gentlewoman from Ohio [Ms. KAPTUR] is a member of the Banking and Currency Committee where she is deeply involved in Federal Housing Programs within the jurisdiction of that committee. She has been deeply involved in housing programs in Toledo and other places in her great State.

Last Friday Chairwoman KAPTUR held an oversight hearing in Houston, TX. Houston, Beaumont, and other cities throughout the State have experienced a depressed housing market for the last few years and Miss KAPTUR wanted to see firsthand what needs to be done to assist veterans, lenders, and others who have been affected. Later in the year her subcommittee will hold hearings in Chicago and possibly other areas of the country. So my colleagues can see that the gentlelady is making things happen. She is active and doing an outstanding job in leading this subcommittee.

Mr. Speaker, I also want to thank the distinguished gentleman from Indiana [Mr. BURTON], the ranking minority member of the subcommittee for his cooperation and leadership in helping put together this bill. The gentleman has much experience in housing and real estate and this bill, to a major degree, reflects his views on how we should deal with some of the problems confronting our Nation's veterans and others who desperately seek housing in today's market. I'm grateful to the gentleman for his work.

I want to thank another new member of our committee, the very able gentlelady from the Fourth Congressional District of South Carolina [Mrs. PATTERSON] who invited us to go to her district and hear from the local people. I commend the gentlelady from South Carolina for the time and attention she has given to the work of the committee. She also serves as a member of the Banking and Currency Committee. Her two committees have jurisdiction over most of the Federal housing programs and she is rapidly developing an expertise in housing that will greatly benefit veterans in her district and nonveterans as well who need housing. I am grateful to the gentlewoman from South Carolina for her service.

Mr. Speaker, the bill before us—H.R. 2672—calls for improvement on three fronts. First, it will assist veterans in purchasing homes. Once the veteran gets his home, provisions in this bill will help the veteran keep the home. Finally, the enactment of this bill will save the Federal Government millions of dollars during the next fiscal year and in the years ahead. It is a measure that I fully support.

I now yield such time as she may consume to the chairwoman of the subcommittee, the gentlewoman from Ohio [Ms. KAPTUR].

Ms. KAPTUR. Mr. Speaker, the bill H.R. 2672, the Veterans' Housing Rehabilitation and Program Improvement Act of 1987, offers the first really comprehensive look at the VA Home Loan Guaranty Program that Congress has taken since its inception over 40 years ago. To date the VA Housing Program has helped over 12 million veterans and their families obtain home mortgages.

I would like to commend the chairman of the Veterans' Affairs Committee, G.V. (SONNY) MONTGOMERY, for his great leadership in moving this streamlining bill quickly through the legislative process.

I would also like to thank the committee's ranking minority member, GERALD B.H. SOLOMON, and DAN BURTON, ranking minority member for the Subcommittee on Housing and Memorial Affairs, for their excellent support.

The various members of the Subcommittee on Housing and Memorial Affairs have worked diligently through the spring and summer to address on the many challenges facing the VA Home Loan Guaranty Program. Thanks to their active participation in a series of exhaustive hearings both in Washington and in the field, we have been able to develop a bill which is going to make significant improvements in our efforts to assist veterans in obtaining—and keeping—quality, affordable housing.

I would also like to mention the Honorable MARVIN LEATH, the Honorable DOUG BARNARD, and the Honorable LANE EVANS, whose recommendations and participation in our hearings were invaluable.

The VA Home Loan Guaranty Program was established under the Servicemen's Readjustment Act of 1944 (Public Law 78-346). As World War II drew to a close, Congress sought ways to ease the economic and sociological readjustment of returning service men and women to civilian life. The program was an innovative means of affording veterans favorable credit which would allow them to purchase a home, business, or farm. Many of these veterans, because of their service in the Armed Forces, had missed an opportunity for establishing personal credit or for accumulating enough money for a substantial downpayment on a home. By substituting the guaranty of the United States, these veterans were able to enter the home buying market on a comparable level with their nonveteran counterparts.

Over the years, Congress enacted many changes to the program, to enhance its viability and to respond to developments in the economy and in the needs of veterans. There is now no delimiting date for a veteran to make use of this benefit, and entitlement may be regained once the veteran has paid off the initial loan in full and disposed of the property. The VA may presently guaranty 60 percent of the loan's value, up to a maximum of $27,500.

Since the inception of the VA Home Loan Guaranty Program in 1944, over 12 million veterans have received VA-backed mortgage assistance. More than 7.5 million of these loans totaling $102.7 billion have been repaid. The program has been enormously successful in terms of helping veterans to become home owners, and has proved to be a powerful stimulus to the Nation's economy.

HIGH FORECLOSURE RATES

Veterans using the VA Home Loan Guaranty Program have an excellent repayment record. However, the number of foreclosures has been increasing in recent years. While the VA's experience is comparable to FHA and conventional lenders, there is serious concern about the solvency of the revolving fund which must pay claims arising from foreclosures; and above all the devastating effect of foreclosure on veterans who have defaulted on their obligation to repay a loan.

The VA does have loan servicing procedures in place. However, the timeliness in this aspect of the program has deteriorated. H.R. 2672 addresses this problem by requiring the VA to provide more effective servicing when a loan goes into default, to the extent that resources are available. At a minimum, veterans are to be advised of the alternatives to foreclosure that may be available to them, including voluntary deeds-in-lieu of foreclosure.

In addition, the bill establishes a mortgage foreclosure relief program targeted to veterans who have experienced default through no fault of their own. In essence, the bill would authorize the Administrator to make loans for the purpose of providing mortgage assistance, and thereby preventing foreclosures, up to a maximum of $8,400 to veterans or their surviving spouses, if coobligors, if they are unemployed, have suffered a substantial reduction in household income and have previously guaranteed VA housing loans which are at least 6 months delinquent.

LOAN ASSUMPTIONS

One of the perceived advantages to the VA Home Loan Guaranty Program is easy assumability of such loans when a veteran decides to dispose of the property; however, there have been aspects to this feature which have led to abuse and even fraud. Time and again the committee has heard from veterans whose loans were assumed, but became liable for the debt of the new occupant when the house went into foreclosure. The committee has also received very disturbing reports of certain frauds such as "equity skimming" being perpetrated against veterans. Unscrupulous "investors" assume a veteran's loan, rent the property to make a quick profit, and meanwhile allow the loan to go into default. When they disappear with the rental revenues, the veteran is left with liability for the intervening house payments, and the loan usually is foreclosed.

Although H.R. 2672 keeps the assumability feature in place, it provides better protection for the veteran by requiring new credit underwriting on prospective purchasers who wish to assume the original loan. It further provides the veteran with automatic release from liability so long as the lender is advised, and the properly qualified purchaser agrees by contract to assume responsibility for the loan. If the lender determines that the loan is not current or that the purchaser is not creditworthy, the lender will notify the veteran and the VA. The veteran may appeal the determination to the VA. Should the Administrator determine that the sale meets the requirements, the lender shall approve the transfer and the veteran shall be relieved of all liability.

The bill also provides that the lenders may demand termination of the loan if the sale occurs and the purchaser does not meet the requirements if the veteran fails to notify the lender of the sale.

Lastly, if the lender knowingly fails to notify the Administrator of a sale transaction, the lender will be liable for any damage sustained.

OCCUPANCY REQUIREMENTS

Under current law and implementing regulations, a veteran or service member must physically occupy the property in order to be eligible for refinancing of a VA home loan. This has resulted in hardship and inequity for many home owners, such as active duty military and foreign service personnel, who might be residing abroad temporarily, but who still regard the property as their home. Some veterans with loans bearing a high interest rate are ineligible to refinance a VA loan at the lower rates prevailing in today's market. The result is clearly inequitable, and may have even contributed to some foreclosures which a lower monthly payment might have averted.

H.R. 2672 permits veterans to refinance their VA home loans regardless of personal occupancy. In addition, loan originations are permitted for active duty servicemen so long as the veteran's spouse occupies the home.

LOAN GUARANTY FORMULA

H.R. 2672 changes the loan guaranty formula from 60 percent of the conventional housing loan up to $27,500 to 40 percent of the loan up to $40,000. The current formula is set up in such a way that veterans with a $50,000 loan can end up with as great a debt as veterans with a $110,000 loan. The proposed formula will help to correct this inequity. In addition, it will limit unnecessary risks to both the borrower and the revolving fund. The Congressional Budget Office estimates that this change in the guaranty formula will save $33 million over a 3-year period. These savings will be used by the committee to meet, in part, its reconciliation targets.

It should also be pointed out that 40 percent guaranty would continue to provide better credit protection for the lender than is currently available under conventional loans, which generally require a 20- to 25-percent downpayment.

APPRAISALS

Two additional opportunities for improving the VA appraisal process have been incorporated into H.R. 2672. First, since there are no uniform industry procedures for licensing real estate appraisers, the bill outlines specific qualifications for VA fee-basis appraisers. These include successful completion of a written test, submission of a sample appraisal, evidence of an appropriate level of experience as an appraiser, and submission of recommendations from other appraisers. By applying a more stringent and consistent set of professional standards to its fee-basis appraisers, the VA should be able to achieve overall improvements in the quality of appraisals on prospective veteran loans.

H.R. 2672 also authorizes appraisal reports to be sent directly to certain lenders for expedited review and reasonable value determination. Under current procedures, the appraisal must first be sent to the VA for review and certification, and then forwarded to the lender. The bill would authorize appraisal reports to be sent directly to certain lenders for expedited review and reasonable value determination. Since 75 percent of all VA-guaranteed loans are underwritten by automatic lenders, the new procedure will reduce the paperwork and processing time for a significant number of loans, will allow faster loan processing and with less frustration, and should free up VA personnel who presently review such appraisals and issue CRV's for other critical activities, such as servicing on delinquent loans.

HOUSING REHABILITATION LOANS

Some of the VA's foreclosed homes have fallen into a state of disrepair. They in turn have become a blight on the neighborhood, and may be difficult to sell. Although the VA may use money from the loan guaranty revolving fund to institute repairs, the property may still be subject to vandalism and deterioration while left unoccupied, and funds invested in repairs may never be recaptured when the property is eventually disposed of.

As an alternative to this situation, H.R. 2672 authorizes the VA to make additional loans to prospective purchasers for the purpose of restoring such properties to a habitable state. Funds would be released to the purchaser in increments, as rehabilitation progresses. It is believed that rehabilitation loans will be a good investment for the loan guaranty revolving fund; that they will make previously hard-to-sell properties more attractive and affordable to prospective buyers; and that they will help resolve some of the legitimate community concerns expressed over the maintenance of VA-owned properties.

VETERANS JOB TRAINING ACT

H.R. 2672 provides up to 25 percent discount on houses sold to organizations which agree to use veteran employees in a program of job training under the Veterans' Jobs Training Act to rehabilitate the properties, and who give preference to veterans in selling the rehabilitated property. In order to protect the interest of veterans whose foreclosed properties are disposed of in this manner, the liability of the former veteran home owner will be reduced commensurate with the discount given.

HOMELESS VETERANS

Through existing administrative procedures, several VA regional offices have been working with local groups to make vacant VA properties available, at reasonable prices, for use as shelters. H.R. 2672 encourages veterans organizations and political subdivisions to acquire hard-to-sell VA foreclosed properties in order to provide shelter to homeless veterans and their families. The VA is authorized to discount such properties, provided that the interests of the VA Home Loan Guaranty Program as a whole and the defaulting veteran are protected, that local zoning laws are respected, and that intended use of the property is compatible with the area where it is located. This will give legislative sanction to the concept of working with local groups to assist homeless veterans, and at the same time avoid adversarial situations between the VA and either the defaulting veteran or the community.

PROPERTY ACQUISITION GUIDELINES

The administration's budget request to the Congress submitted February 1,

1984, contained a proposal recommended by the Grace Commission that, effective March 1, 1984, the Veterans' Administration would no longer respond to defaults on VA guaranteed loans by acquiring foreclosed properties. Rather, following foreclosure, the VA would pay all lending institutions an amount equal to the VA's guaranty. The lending institutions would be required to dispose of the property.

At committee hearings in 1984, a Congressional Budget Office analyst indicated the major inefficiency in the VA Loan Guaranty Program's operation was that all loans under foreclosure and all real property available for sale by the VA were handled in a like manner.

The Deficit Reduction Act of 1984 required the VA to analyze defaulted loans on a case-by-case basis and to stop acquiring property where it would be less costly to pay the guaranty. It was the Congress' understanding that this practice benefited veterans as well as lenders by permitting the orderly disposal of the property securing a VA guaranteed loan. This restriction on the VA's authority is scheduled to expire September 30, 1987.

Mortgage bankers and others in the housing industry made strong representations at the hearings of April 22 and May 13, regarding the impact of high foreclosure rates on their businesses. Certain areas of the country such as Houston, TX, have been especially hard hit. Testimony expressed particular concern over the increased number of "no-bid" cases which have resulted.

H.R. 2672 extends the property acquisition guideline for 2 years until September 30, 1989, with some modification to the calculation which the VA makes when determining whether a property will be treated as a no-bid case. Under the new formula, interest resulting from exercise of lender forebearance at the VA's request, delays in the foreclosure process caused by the VA, or circumstances beyond the control of the VA and lender, such as bankruptcy, will not be calculated.

VA FINANCING ON VENDEE LOANS

Prior to 1984, the VA financed approximately 92 percent of all foreclosed properties. By offering financing on properties which it holds for sale, the VA is able to dispose of many properties in a timely manner at the appraised value. The Deficit Reduction Act of 1984 reduced the number of properties on which VA financing could be offered. Current law requires the VA to sell at least 60 percent but no more than 75 percent of its acquired properties with VA vendee financing. The VA routinely discounts cash sales at 10 percent or more. This provision is scheduled to expire on September 30. As part of the committee's efforts to meet its reconciliation target, these percentages will be changed to a range of 50 to 65 percent for 3 years. It should be emphasized that while this proposal will temporarily produce a net reduction in outlays, it will cost the Government more in the outyears if a permanent change were authorized. The Veterans' Affairs Committee will continue to seek alternatives that will meet long-term program requirements.

HOME LOAN FUNDING FEE

H.R. 2672 extends the current 1 percent user fee for 2 years, to September 30, 1989. The committee wishes to emphasize that the VA Home Loan Guaranty Program is a veterans benefit, to which eligible persons are entitled. The committee will continue to examine alternatives to the loan origination fee.

H.R. 2672 also corrects an inequity in application of the user fee to a veteran who is also the surviving spouse of a deceased veteran whose death was service connected. A surviving spouse is exempt under current law, but due to a technicality the exemption does not apply in cases where the surviving spouse is also a veteran with eligibility in his or her own right.

AMERICAN SAMOA

Although a relatively high proportion of the population of American Samoa serves in the U.S. military, the loan guaranty benefit is not viable there due to the lack of a secondary mortgage market. H.R. 2672 authorizes a direct loan program up to $33,000, to the extent that matching funds are made available by the Government of American Samoa. Amurican Samoa already qualifies as an area where the Administrator is authorized to make direct loans, because it is difficult for veterans to obtain housing loans in this area.

DEMONSTRATION PROJECT FOR ADJUSTABLE RATE MORTGAGES

Volatile interest rates reduce housing activity. Interest rates have risen from 8½ percent to 10 percent this year. Therefore, H.R. 2672 authorizes the VA to establish a 2-year pilot program for adjustable rate mortgages [ARM] at one regional office. Interest rates for an adjustable rate mortgage are typically 1 percent to 2 percent lower than a fixed rate loan. The National Association of Homebuilders estimates that this results in a savings of as much as $100 in monthly mortgage payments on a $70,000 loan. The demonstration project is to be carried out in a manner similar to FHA's Adjustable Rate Mortgage Program, which allows interest rates to escalate no more than 1 percent per year with a cap of 5 percent over the life of the loan. In addition H.R. 2672 would require the Administrator to furnish the Congress with a report by December 31, 1989, containing a description of the results of this project and furnish a report yearly thereafter with respect to the default rate.

LOAN PORTFOLIO SALES

Because of the high foreclosure rate over the past several years, and in conformance with administration efforts to reduce short term outlays, the VA has been pressured by the Office of Management and Budget to sell its loan portfolio. It has, however, usually sold these loans with recourse—repurchase agreements. In its fiscal year 1988 budget, the administration proposed another revision to its loan sales procedures which could seriously impair the long-term solvency of the loan guaranty revolving fund. This proposal would require the VA to sell all of its loans without repurchase agreements.

A proposed sale of the VA's loan portfolio without recourse resulted in offers ranging as low as 15 cents on the dollar. In September 1986, the General Accounting Office submitted a report to the Committee on Government Operations which stated that the Government's best interests will not be protected and the objectives of the Loan Asset Sales Pilot Program would not be achieved by sales without recourse. On June 16, the Committee on Government Operations approved and adopted a report entitled, "OMB's Guidelines for Sales of Existing Loans as Currently Written will not produce the best results for the Government." In its summary, it stated that the Government could lose millions of dollars because OMB's guidelines do not permit agencies to sell loans under any sales method other than nonrecourse. Therefore, it seemed appropriate that the bill as reported by the subcommittee simply require that the VA continue its existing policy in regard to loan sales. A year ago, this provision would have cost nothing.

However, without any consultation with this committee, OMB has changed its accounting procedures. The Congressional Budget Office has concurred. Under these new accounting rules, selling loans with recourse is treated as a borrowing from the public. Proceeds would then be credited to financing the debt rather than offsetting collections credited to the fund. On paper, therefore, the sales become losses.

Again, Mr. Speaker, I want to emphasize that before this exercise in account "sleight of hand", the provision had no cost impact whatsoever. So, if we do nothing, we "save" $680 million; but if we try to force the VA to operate under good business principles, we make our reconciliation target unattainable. Therefore, H.R. 2672 contains a sense-of-the-Congress resolution regarding the financial management of the loan guaranty revolving fund.

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In essence, it outlines how these new accounting procedures have had a significant effect and seriously limited the policymaking function of the Congress. In addition, it states that continued efforts to achieve short-term savings in the Veterans' Administration loan guaranty revolving fund are compromising the Administrator's ability to soundly manage the financing of the program, thereby jeopardizing its future. Lastly, it expresses the sense of the Congress that CBO ought to reverse its decision on accounting for loans sold with recourse by the Veterans' Administration; and that consistent with section 7 of the concurrent resolution on the budget for fiscal year 1988, any changes in the assets sales policy of the Veterans' Administration should not be considered in future budget resolutions as a means of achieving deficit reduction.

Mr. Speaker, during the course of our hearings on the VA Home Loan Guaranty Program, we heard from an exceptionally broad cross-section of witnesses, from government to business to community groups to veterans organizations. H.R. 2672 was developed specifically in response to the concerns and issues that were raised. I appreciate the many viewpoints that went into developing this bill, and believe that this is one of its great strengths.

Mr. Speaker, H.R. 2672 reaffirms that the VA Home Loan Guaranty Program is a veteran's benefit. The bill carefully preserves the program's basic intent, offers creative approaches to some of its present-day problems, and sets it on a sound footing for meeting veteran's future needs.

I wish to point out that these very important reforms won't cost our American taxpayers anything. Quite the reverse. This bill will save $52 million in fiscal year 1988 and will help the committee meet its reconciliation targets.

I strongly urge the bill's favorable consideration.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in rising in strong support of this legislation which I am privileged to cosponsor, let me at the outset pay tribute to the gentleman from Texas, the acting Speaker of the House, Mr. LEATH, who is on leave from our Committee on Veterans' Affairs, a very valuable member of that committee.

The gentleman from Texas still performs great service to the American veteran by serving on the Committee on the Budget during the gentleman's leave of absence, and looking out for the adequate needs of our veterans, so we thank the gentleman for all that help.

The VA Home Loan Program was established in 1944 to provide a means for veterans to obtain credit for the purchase of a home. Many of these veterans, because of the time spent in service to their country, had missed an opportunity to establish credit or save money for a downpayment on a house.

Since its inception, over 12 million veterans have used the VA Home Loan Program, and it has benefited veterans, homebuilders, and the national economy. For many men and women who serve in our country's Armed Forces, this is the only veterans' benefit they will ever use.

H.R. 2672 will strengthen the VA Home Loan Program's potential for serving veterans effectively and improve the long-term solvency of the loan guaranty revolving fund. I wish to mention two provisions in particular.

The first would change the loan guarantee to a maximum of 40 percent and $40,000. This provision will make the program's guaranteed amounts more consistent with the values of the properties typically purchased.

The second would release veterans from liability after the sale of their homes and eliminate the unfairness to some veterans when later purchasers default on mortgages.

This housing reform legislation is indeed comprehensive. Ms. KAPTUR, the chairwoman of the Housing and Memorial Affairs Subcommittee, and Mr. BURTON, the subcommittee's ranking member, have put together a bill which will go a long way toward solving some of the problems in the VA's Home Loan Program.

We should also recognize the role played by Chairman MONTGOMERY, who once again provided the guidance and leadership needed to reach bipartisan agreement. His dedication and old-fashioned hard work on behalf of our Nation's veterans is outstanding.

Mr. Speaker, almost 20 percent of this country's population of 220 million people have their own homes thanks to the VA Home Loan Guarantee Program. This program has provided opportunities for home ownership, which is at the very heart of Americanism.

I strongly encourage all of my colleagues to support this significant bipartisan measure.

Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas [Mr. HAMMERSCHMIDT].

Mr. HAMMERSCHMIDT. Mr. Speaker, I thank the gentleman for yielding me this time.

As an original sponsor, I rise in strong support of H.R. 2672, and I am pleased we have moved forward with this comprehensive VA housing bill in such a timely manner.

This legislation reflects the continuing efforts by our committee to ensure that our Nation's veterans will be able to achieve the American dream of home ownership.

The chairwoman of the Housing and Memorial Affairs Subcommittee, MARCY KAPTUR, and the ranking member, DAN BURTON, have worked tirelessly in forwarding an initiative that will both make it easier for veterans to afford housing and strengthen the solvency of the VA Home Loan Program. Chairman SONNY MONTGOMERY and ranking member JERRY SOLOMON of the full committee should also be commended for their fine work on this major housing bill.

H.R. 2672 takes steps to address the concerns which have been raised about the solvency of the program. The bill also addresses the situation of veterans affected by the high foreclosure rate of today's market by providing relief for certain veterans whose default occurs through no fault of their own.

The bill contains as well a new underwriting requirement which prevents a veteran from being unfairly penalized because of the monetary misadventure of another party.

More than 12 million VA loans have been approved to date, thus demonstrating the popularity and viability of this program. Over 60 percent of all VA home loans are made with no down payment, something not generally possible with conventional loans. Were it not for this important VA program, many veterans and their families would not be in their homes today.

Clearly, the VA Home Loan Guarantee Program is one of the most successful and beneficial VA programs available to our Nation's veterans.

I urge my colleagues to support this comprehensive VA home loan legislation.

Mr. MONTGOMERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, again, I want to commend the gentlewoman from Ohio [Ms. KAPTUR], distinguished chairwoman of the subcommittee, for the work she has done to bring this comprehensive housing bill before the House.

I also want to thank my good friend, the very able gentleman from New York [Mr. SOLOMON] for his leadership and cooperation. This bill, unanimously approved by our committee, again reflects the bipartisan way we handle veterans' affairs. I am fortunate to be able to work with the gentleman from New York.

I appreciate the work of all members of the subcommittee.

This is a good bill. It is the result of many hours of work on the part of a lot of our Members and I urge its adoption by the House.

Mr. BURTON of Indiana. Mr. Speaker, since the provisions of this bill have been thoroughly explained I can be brief. H.R. 2672 will benefit the many veterans who have participated

in the Home Loan Guaranty Program in addition to benefiting future users.

Even though the program enjoys a high degree of participation, we are also facing a high foreclosure rate. So, I hope that the particular sections of the bill such as the adjustment to the loan guaranty ceiling and the uniform guaranty amount will reduce the high foreclosure rate. I am confident that the Veterans' Housing Rehabilitation and Program Improvement Act of 1987 will be in the best interest of veterans.

Mr. MONTGOMERY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SOLOMON. Mr. Speaker, I have no further requests for time and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LEATH of Texas). The question is on the motion offered by the gentleman from Mississippi [Mr. MONTGOMERY] that the House suspend the rules and pass the bill, H.R. 2672, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

□ 1240

GENERAL LEAVE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on this bill, H.R. 2672, and on the next bill, H.R. 2957.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

CEMETERY IMPROVEMENTS AMENDMENTS OF 1987

Mr. MONTGOMERY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2957) to provide for improvements in the National Cemetery System administered under title 38, United States Code, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2957

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. VETERANS' CEMETERIES OWNED BY STATES.

Section 1008(b) of title 38 United States Code, is amended—

(1) by striking out clause (1); and

(2) by redesignating clauses (2), (3), and (4) as clauses (1), (2), and (3), respectively.

SEC. 2. CONTRIBUTIONS FOR CERTAIN PROJECTS.

Section 1004(f) of title 38, United States Code, is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) The"; and

(2) by adding the following new paragraph at the end:

"(2) The Administrator may, to the extent of appropriated funds available for such purpose, make contributions to local authorities for the construction of traffic controls, road improvements, or other devices on land adjacent to a national cemetery if the Administrator determines that such a contribution is necessary for safe ingress or egress to or from such cemetery.".

SEC. 3. GRAVE LINERS.

(a) IN GENERAL.—Section 906 of title 38, United States Code, is amended—

(1) by adding at the end the following new subsection:

"(e)(1) The Administrator may provide an approved grave liner for the interment of casketed remains in cemeteries within the National Cemetery System and in the Arlington National Cemetery.

"(2) The use of grave liners shall be in accordance with specifications and procedures approved by the Administrator."; and

(2) by striking out the section heading and inserting in lieu thereof the following:

"§ 906. Headstones, markers, and grave liners".

(b) TECHNICAL AMENDMENT.—The item relating to section 906 in the table of sections at the beginning of chapter 23 of title 38, United States Code, is amended to read as follows:

"906. Headstones, markers, and grave liners.".

SEC. 4. GRAVE MARKERS.

Section 1004(c)(2) of title 38, United States Code, is amended—

(1) by striking out "and" at the end of clause (A);

(2) by striking out the period at the end of clause (B) and inserting in lieu thereof "; and"; and

(3) by adding the following new clause at the end:

"(C) in the case of the gravesites of cremated remains that are interred in the ground, the Administrator may provide for flat grave markers.".

SEC. 5. GRAVE MARKERS IN A CERTAIN LOCATIONS.

(a) ZABLOCKI VETERANS' ADMINISTRATION MEDICAL CENTER.—Notwithstanding section 1004(c)(2) of title 38, United States Code, the Administrator of Veterans' Affairs may provide for flat grave markers in the case of graves on land transferred to the Department of Memorial Affairs from the Department of Medicine and Surgery of the Veterans' Administration for expansion of a cemetery at the Clement A. Zablocki Veterans' Administration Medical Center in Milwaukee, Wisconsin.

(b) INDIANTOWN GAP, PENNSYLVANIA.—Notwithstanding section 1004(c)(2) of title 38, United States Code, the Administrator may provide for flat grave markers at the national cemetery at Indiantown Gap, Pennsylvania.

SEC. 6. AMERICAN BATTLE MONUMENTS COMMISSION FOREIGN CURRENCY FLUCTUATIONS.

(a) ESTABLISHMENT OF FOREIGN CURRENCY FLUCTUATIONS ACCOUNT.—The Act entitled "An Act for the creation of an American Battle Monuments Commission to erect suitable memorials commemorating the services of the American soldier in Europe, and for other purposes", approved March 4, 1923 (36 U.S.C. 121), is amended by adding at the end the following new section:

"SEC. 13. (a) There is hereby established in the Treasury an account to be known as the 'Foreign Currency Fluctuations, American Battle Monuments Commission, Account'. The account shall be used to provide funds to appropriated funds available for salaries and expenses of the American Battle Monuments Commission to eliminate losses because of fluctuations in currency exchange rates of foreign countries occurring after a budget request for the Commission is submitted to Congress. The account may not be used for any other purpose.

"(b) Funds provided to appropriations under subsection (a) shall be merged with and available for the same time period as the appropriation to which they are applied. A provision of law limiting the amount of funds the Commission may obligate in any fiscal year shall be increased to the extent necessary to reflect fluctuations in exchange rates from those used in preparing the budget submission.

"(c) An obligation of the Commission payable in the currency of a foreign country may be recorded as an obligation based upon exchange rates used in preparing a budget submission. A change reflecting fluctuations in exchange rate may be recorded as a disbursement is made.

"(d) Funds transferred from the Foreign Currency Fluctuations, American Battle Monuments Commission, Account may be transferred back to that account—

"(1) if the funds are not needed to pay obligations incurred because of fluctuations in currency exchange rates of foreign countries in the appropriation to which the funds were originally transferred; and

"(2) because of subsequent favorable fluctuations in the rates or because other funds are, or become, available to pay such obligations.

"(e) A transfer back to the account under subsection (d) may not be made after the end of the second fiscal year after the fiscal year that the appropriation to which the funds were originally transferred is available for obligation.

"(f) No later than the end of the second fiscal year following the fiscal year for which appropriations for salaries and expenses have been made available to the Commission, unobligated balances of such appropriation provided for a fiscal year may be transferred into the Foreign Currency Fluctuations, American Battle Monuments Commisison, Account, to be merged with and available for the same period and purposes as that account.

"(g) The Secretary shall report to Congress each year on funds made available under this section.".

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Foreign Currency Fluctuations, American Battle Monuments Commission, Account the sum of $3,000,000.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to the fiscal year during which this Act is enacted and each subsequent fiscal year.

The SPEAKER pro tempore. Is a second demanded?

Mr. SOLOMON. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Mississippi [Mr. MONTGOMERY] will be recognized for 20 minutes and the gentleman from New York [Mr. SOLOMON] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Speaker, I yield myself such time as I may consume. This bill (H.R. 2957) would provide for a number of improvements in the way the Veterans' Administration and the American Battle Monuments Commission administer their National Cemetery programs.

I yield such time as she may consume to the distinguished chairwoman of our Subcommittee on Housing and Memorial Affairs, the gentlewoman from Ohio [Ms. KAPTUR] for an explanation of the bill.

Ms. KAPTUR. Mr. Speaker, the bill H.R. 2957, entitled the Cemetery Improvements Amendments of 1987, authorizes a number of measures which will improve efficiency in the National Cemetery System and the American Battle Monuments Commission.

I would like to commend the chairman of the full Committee on Veterans' Affairs, G.V. (SONNY) MONTGOMERY, who has given us outstanding leadership on these important issues. I would also like to thank the ranking minority member of the full Committee, GERALD B.H. SOLOMON, and the ranking minority member of the Subcommittee on Housing and Memorial Affairs, DAN BURTON, for their excellent support. The individual members of the subcommittee have worked hard together to develop this very timely legislation, and I would like to thank each of them for their excellent contributions.

Mr. Speaker, the National Cemetery System was established in 1862, when President Abraham Lincoln assured an honorable burial for soldiers who died in service to their country. Today, 110 national cemeteries are located throughout the United States to serve veterans, their spouses, and dependent children. Over 50,000 interments are made in the national cemeteries each year.

Overseas, the American Battle Monuments Commission maintains 24 cemeteries for wartime casualties not repatriated to the United States, as well as 14 separate memorials to American military service abroad.

In order to enhance the effectiveness of national cemetery and American Battle Monuments Commission operations, H.R. 2957 contains the following provisions:

CURRENCY FLUCTUATION ACCOUNT FOR THE AMERICAN BATTLE MONUMENTS COMMISSION [ABMC]

The primary missions of the American Battle Monuments Commission are to commemorate the services of American military forces where they have served since the entry of this country into World War I (April 6, 1917); to build and maintain permanent U.S. military burial grounds on foreign soil; to control the design and construction of U.S. military monuments overseas; and to encourage adequate maintenance of such memorials by their sponsors.

At the present time, ABMC operates 24 permanent American military cemeteries and 14 separate monuments in 11 foreign countries and the Commonwealth of the Northern Mariana Islands, as well as four memorials in the United States. The Commission is staffed by 387 full-time civilian employees and 6 military officers who serve on a reimbursable basis. Of the civilian employees, 337 are foreign nationals indigenous to the countries where ABMC installations are located.

At a hearing of the Subcommittee on Housing and Memorial Affairs on July 1, 1987, ABMC testified with regard to the impact of foreign currency exchange rates on their operations. From 1979 to 1984, when dollar exchange rates were appreciating in Europe, a surplus in funds appropriated developed. ABMC was able to utilize the surplus funds generated to replace worn out equipment, restore stocks of spare parts, and initiate maintenance projects that had previously been deferred because of lack of funds.

Late in 1985, however, the United States and certain allies took steps to reduce the value of the dollar, in order to make American goods more competitive. The resulting depreciation of the dollar severely impacted ABMC operations, as over 90 percent of its appropriation is expended overseas.

In fiscal year 1986, ABMC required a supplemental appropriation of $1,553,000 to help offset losses associated with the weakened U.S. dollar. In fiscal year 1987, a supplemental appropriation of $1,414,000 was requested for similar reasons. In the meantime, in order to cope with the situation, ABMC has taken measures in Europe and the Mediterranean to reduce certain labor costs; defer capital improvement projects; suspend nonemergency repair and replacement projects; and limit purchases of essential supplies. Even with these measures, ABMC testified at the hearing that an additional $150,000 would be required by the end of the year to meet its obligations without furloughing employees, an action which would violate treaty agreements with most of the host countries.

In order to mitigate the adverse impact of declining dollar values on ABMC operations abroad, H.R. 2957 establishes a foreign currency fluctuation accounts, similar to those which have been set up for the State Department and the Department of Defense. The bill authorizes an appropriation of $3 million for deposit in the account.

Using this type of account, transactions in foreign countries utilize the budgeted rate of exchange as the standard for obligations. If the exchange rate at the time of purchase is higher than the budgeted rate, the difference is deposited into the account. If, on the other hand, the exchange rate is lower, the necessary additional funds may be withdrawn from the account.

In response to questions at the hearing on July 1, 1987, ABMC advised the Subcommittee on Housing and Memorial Affairs that establishing the foreign currency fluctuation account will virtually eliminate the need for supplemental appropriations in the future.

INGRESS AND EGRESS

Mr. Speaker, the bill authorizes the VA to make contributions to local authorities for the construction of traffic controls, road improvements, or other devices, adjacent to national cemeteries if considered necessary for safe ingress and egress.

The VA Administration in a letter to the Speaker of the House of Representatives dated March 24, 1987, noted that:

It has become evident, in administering the national cemetery system, that specific statutory authorization is required in order to undertake the type of construction projects deemed necessary to improve safety conditions at the entrance to national cemeteries. Under current law, in the absence of express statutory authority, such requisite construction projects are generally prohibited as a result of the well-established rule which prohibits the Government's expenditure of appropriated funds for the permanent improvement of private property. Although exceptions to that rule have been recognized by the Comptroller General and have been applied by the Veterans Administration to justify a limited number of improvements to private property adjacent to national cemeteries, we believe a specific statutory authorization under which this Agency could assist localities in constructing such needed improvements would be a more satisfactory means of achieving these results. The proposed legislation, in our opinion, addresses and resolves these concerns.

TECHNICAL AMENDMENT TO STATE CEMETERY GRANT STATUTE

Section 1008(1) currently provides that no State may receive grants in any fiscal year in a total amount greater than 20 percent of the total amount appropriated program-wide for that fiscal year. The purpose of the original language was to prevent any one State from receiving a disproportionate share of Federal funds under the VA's cemetery grant program, to the disadvantage of other State(s).

In practice, after nearly 8 years of experience with this program, it has become apparent that this restriction is unnecessary, and may lead to unintended results. The VA Administrator, in a letter to the Speaker of the House of Representatives dated March 9, 1987, illustrates the potential negative impact of section 1008(b)(1) as follows:

For example, if $3 million were available in the third year of an appropriation and

three States each requested $1 million in Federal assistance, no grant could be made because of the 20 percent limitation in the statute: i.e., each State would be requesting more than 20 percent of the total amount appropriated programwide. Moreover, the entire $3 million would tehn lapse despite the seeming adequacy of the appropriation to fund all three requests.

There has been no situation to date, and none is anticipated, in which the original concerns leading to the 20 percent limitation could have occurred. Repeal of section 1008(b)(1) will avoid the unintended results described above. This action will enable the VA to deal more efficiently and equitably with carryover funds, and will enhance program flexibility while maintaining program goals.

GRAVEMARKERS AT WOOD NATIONAL CEMETERY, MILWAUKEE, WISCONSIN, AND INDIANTOWN GAP NATIONAL CEMETERY, PENNSYLVANIA

Mr. Speaker, H.R. 2957 would exempt a newly acquired portion of the Wood National Cemetery from the statute which mandates upright gravemarkers in national cemeteries.

In 1985, the Veterans' Administration administratively transferred approximately 12 acres of land from the medical center to the national cemetery for expansion purposes. Without this additional land, the cemetery would have closed in 1987.

There was a specific agreement at the time of the transfer that gravemarkers in the new burial section would be flat. This condition was stipulated by the medical center director because the property is an integral part of the facility grounds.

Subsequent to this agreement, Congress in October 1986 amended 38 U.S.C. 1004 to mandate upright gravemarkers for interments in national cemeteries starting January 1, 1987.

H.R. 2957 would also permit the VA to continue using flat gravemarkers at the Indiantown Gap National Cemetery, Pennsylvania and in garden niches, 3 x 3 plots used for the interment of cremated remains.

Congressional intent was that the upright gravemarker provisions would apply to in-ground burial of casketed remains, not to burial of creamated remains in garden niches. In order to clarify this point, legislative authority is provided to the VA for using flat gravemarkers for burial of cremated remains that are interred in the ground.

GRAVELINERS

Mr. Speaker, as the ground settles over a grave, sinkage occurs about 10 times over a 20-year period after an interment is made. In each case, the resulting depression must be filled in order to maintain an acceptable standard of cemetery appearance. Graveliners are rigid outer containers, typically made of concrete, which enclose the casket in order to prevent this type of sinkage, and thus reduce overall maintenance costs.

Although the VA experience with graveliners was very successful and they were used at 30 of the 57 national cemeteries which were open, fiscal restraints forced the agency to cut back substantially on the graveliner program in 1980, although there are still provided at three of the large new regional cemeteries—Calverton, Riverside and Massachusetts.

The VA testified that graveliners are used in national cemeteries for four basic reasons: First, to reduce maintenance requirements by preventing the ground from sinking over a collapsing casket; second, to prevent headstones from sinking and tilting; third, to reduce falls and other accidents to employees and visitors when walking over uneven ground; and fourth, to assure that cemetery appearance meets the high standard expected by the public. The VA further testified that graveliners are most efficient when gravesites are being used for the first time, and all burials in a section would have graveliners.

Graveliners are highly cost effective when used in these types of circumstances. In the interests of long-term efficiency, and especially in view of the anticipated increase in burials over the next 20 years, the VA Administrator is authorized to provide graveliners in VA national cemeteries and Arlington National Cemetery.

The Congressional Budget Office has estimated a cost of $7 million for the first year of this bill, including $3 million to start the ABMC currency fluctuation account and $4 million for graveliners in national cemeteries. The provisions of H.R. 2957 will lead to more efficient operations for these programs, and should result in long-range savings.

Again, Mr. Speaker, these provisions are going to help us operate American Battle Monuments Commission and national cemeteries more effectively, and assure that the appearance of these beautiful shrines is maintained at a level which the public very rightly expects. I urge favorable consideration of this bill.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 2957, which would enhance our National Cemetery System by authorizing the Veterans' Administration to contribute funding to communities for local traffic controls and road improvements to provide for safer ingress and egress.

In addition it would permit the use of flat grave markers at two national cemeteries: one at Wood, Milwaukee, WI, the other at Indiantown Gap, PA. It would also permit the use of flat grave markers at gravesites for the interment of cremated remains in areas within the cemetery known as "garden niches."

This bill would also obviate the need for supplemental appropriations to remedy the foreign currency exchange rate problem being experienced by the American Battle Monuments Commission. To accomplish this, H.R. 2957 contains a provision to establish for ABMC's use a foreign currency fluctuation account, similar to those which have been set up for the Departments of State and Defense.

Another feature of this bill would provide for the use of graveliners at national cemeteries. This would be highly beneficial, due to the fact that they are cost-effective while at the same time, they improve grave sites.

Current law provides that no more than 20 percent of appropriated funds for any given year may be spent in any one State for State cemeteries. This provision was intended to ensure that no State would receive more than its fair share of funding. The provision has proved unnecessary and counterproductive. Enactment of H.R. 2957 would repeal this restriction and enable better operations.

Mr. Speaker, I wish to commend my good friend and chairman of the Veterans' Affairs Committee, the gentleman from Mississippi, Mr. SONNY MONTGOMERY, for his expeditious handling of this measure.

In addition, I want to recognize the gentlewoman from Ohio, Ms. MARCY KAPTUR, chairwoman of the Subcommittee on Housing and Memorial Affairs, and the ranking member, the gentleman from Indiana [Mr. BURTON], for their efforts in moving this legislation to the floor.

Mr. Speaker, I urge my colleagues to vote in favor of this bill.

Mr. Speaker, I yield such time as he may consume to the former ranking member, the gentleman from Arkansas [Mr. HAMMERSCHMIDT].

Mr. HAMMERSCHMIDT. Mr. Speaker, I rise in support of H.R. 2957, which would make certain improvements in the National Cemetery System and would enable the American Battle Monuments Commission to operate more efficiently.

As has been noted, the basic provisions of H.R. 2957 would improve operation of the National Cemetery System, and I wholeheartedly endorse them.

The American Battle Monuments Commission [ABMC] whose mission involves the operation of facilities in foreign countries, must be able to conduct its operations in an efficient manner, but is hampered financially by falling exchange rates for the dollar. The provision contained in this measure would ensure the ABMC's ability to keep up its operations by establishing a foreign currency fluctuations account for it. Setting up this type of account would preclude the ne-

cessity for supplemental appropriations.

Mr. Speaker, I wish to commend the gentlewoman from Ohio [Ms. KAPTUR], the chairwoman of the Subcommittee on Housing and Memorial Affairs, and the gentleman from Indiana [Mr. BURTON], the ranking member of the subcommittee, both of whom worked diligently to bring this bill to the floor for consideration.

In addition, Mr. Speaker, I wish to thank my good friend, the gentleman from Mississippi, Chairman SONNY MONTGOMERY, and the ranking member, the gentleman from New York, Mr. JERRY SOLOMAN, for their continued dedication and support for the needs of our Nation's veterans.

Mr. Speaker, I recommend H.R. 2957 to my colleagues. It deserves the support of every Member of this body.

Mr. SOLOMON. Mr. Speaker, I yield whatever time he might consume to the gentleman from New York [Mr. GILMAN], a strong supporter of our veterans.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding.

I want to commend the chairman of the Veterans' Affairs Committee, the gentleman from Mississippi [Mr. MONTGOMERY], and the chairman of the subcommittee, the gentlewoman from Ohio [Ms. KAPTUR], and the ranking minority member, the gentleman from New York [Mr. SOLOMON], for bringing both of these measures to the floor at this time, measures that will certainly help our veterans, particularly the Cemetery Improvement Amendments of 1987. They go a long way toward providing proper access, providing the kind of monuments and the kind of funding that is needed for our foreign cemeteries. Too often we neglect those who have given so much for our Nation. It certainly is commendable to see these kinds of measures come before us at this time to remember those who gave of themselves for our Nation.

It is for that reason, Mr. Speaker, that I urge my colleagues to join with us in full support of both of these measures.

Mr. Speaker, I rise in strong support of two measures brought before us today, H.R. 2672, the VA Home Rehabilitation and Programs Improvement Act of 1987, and H.R. 2957, to enhance the VA National Cemetery Program. I commend the distinguished chairman of our Veterans' Affairs Committee, the gentleman from Mississippi [Mr. MONTGOMERY], the gentlelady from Ohio [Ms. KAPTUR], and the ranking minority member, the gentleman from New York [Mr. SOLOMON], for their leadership on the committee and for bringing these worthy bills to the floor today.

H.R. 2672 changes the formula for calculating the maximum VA home-loan guaranty from 60 percent of the total loan up to a total of $27,000 to 40 percent of the total loan up to $40,000 for conventional homes. The original cap has failed to keep pace with the general rise in housing prices, consequently, failing to provide the protection envisioned for the average lender. The higher limit and lower percentage also curtails unnecessary risks to the borrower and revolving fund while continuing to provide lenders better credit protection than is currently available under conventional loans.

Furthermore, H.R. 2672 allows the VA to sell properties acquired through default for less than fair market value if the purchaser agrees to rehabilitate the property hiring veterans under the Veterans Job Training Act and to give priority to veterans when reselling the property. The bill also permits the VA to reduce the sale price of suitable foreclosure properties to approved organizations or State and local governments if the property is to be used as a shelter for homeless veterans and their families.

H.R. 2957 repeals the 20-percent cap on the amount of total appropriated funds a State may receive in any fiscal year from the VA State Cemetery Grant Program, and authorizes the VA to hire local authorities to improve lands surrounding national cemeteries to ensure safe entrance and departure, furnish graveliners for casket burial plots in VA cemeteries, and use flat grave markers in certain instances. H.R. 2957 also authorizes $3 million for the American Battle Monuments Commission [ABMC] to help offset fluctuations in exchange rates overseas.

Mr. Speaker, the veterans of this Nation encounter many of the problems faced by us all: unemployment, inflation, homelessness, and crime. These two bills address these barriers and others. Accordingly, I urge my colleagues to join in support of H.R. 2672, the VA Home Rehabilitation and Programs Improvement Act, and H.R. 2957, to enhance the VA national cemetery system.

Mr. SOLOMON. Mr. Speaker, I yield whatever time he might consume to the gentleman from Pennsylvania [Mr. WALKER], who gave us input on the Indiantown Gap Cemetery.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding.

I rise simply to thank the committee for being as responsive as they have been to the situation at the Indiantown Gap Military Cemetery.

The chairman of the subcommittee, the gentlewoman from Ohio, and the gentleman from Mississippi, the chairman of the full committee, and the ranking member of the committee, the gentleman from New York [Mr. SOLOMON], were all very responsive to this problem and it is much appreciated.

We have a situation there where we have a new cemetery. It is a cemetery which is developing, which is going to be an absolutely beautiful cemetery for the next many decades of this century.

With the action that the committee has taken here, I think we can assure that the original architectural plan will continue to be pursued and we will have a monument there to our veterans that we can all be very proud of.

So, Mr. Speaker, I thank the committee for their response in this matter and I am pleased to rise in support of this bill.

Mr. SOLOMON. Mr. Speaker, I again compliment the committee chairman and the chairman of the subcommittee.

Mr. MONTGOMERY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I would like to thank the gentlewoman from Ohio, Ms. KAPTUR, again for the hard work she has done on this legislation, and to the gentleman from New York, Mr. SOLOMON, the ranking minority member, and the gentleman from Arkansas, Mr. HAMMERSCHMIDT, for his total support, and to the gentleman from New York, Mr. BEN GILMAN, always helpful on veterans programs, and to the gentleman from Pennsylvania, Mr. BOB WALKER, to come to our committee and present this problem. We are very glad that we are able to help the gentleman from Pennyslvania, Mr. WALKER.

Mr. Speaker, I would like to say that we are very proud of these national cemeteries. They are around the world. They are in this country. They are overseas.

Recently we went to Corregidor in the Philippines. While we were there, we did visit the national cemetery where 17,000 Americans are buried.

I would hope as our colleagues travel around the country and around the world that they would visit these great cemeteries. That is the least we can do is honor those who gave the supreme sacrifice and gave their lives. We were impressed with what we saw. The cemeteries are well maintained and we can all be proud of the way our Nation honors those individuals buried there who died defending freedom.

This bill will assure that the standard of care given our national cemeteries in this country and throughout the world will be maintained in the years to come. I urge the adoption of the bill.

Mr. BURTON of Indiana. Mr. Speaker, since the provisions of this bill have been thoroughly explained I can be brief. This memorial affairs bill will enhance our National Cemetery System.

VA national cemetery usage is expected to rise as our veteran population ages. I endorse the use of flat markers at the Wood, WI, Cemetery and grave liners at VA national cemeteries to improve the appearance and ease the burden of care for our cemetery caretakers. I also support plans to work with local officials to facilitate plans for the ingress and egress of veterans cemeteries. This will ease visitation and improve the safety of all local traffic.

Overseas, the Battle Monuments Commission has been forced to deal with budgeting problems beyond its control, caused by currency fluctuations. I support the establishment of a fund that would enable them to offset currency changes. This would not cost the Federal any money and in the long run would

improve the efficiency of the Battle Monuments Commission.

Mr. SOLOMON. Mr. Speaker, I yield back the balance of my time.

Mr. MONTGOMERY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi [Mr. MONTGOMERY] that the House suspend the rules and pass the bill, H.R. 2957, as amended.

The question was taken.

Mr. SOLOMON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule 1, and the Chair's prior announcement, further proceedings on this motion will be postponed.

□ 1255

COMMODITY DISTRIBUTION REFORM ACT OF 1987

Mr. DE LA GARZA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1340) to improve the administration of the Department of Agriculture commodity distribution activities, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1340

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE: STATEMENT OF PURPOSE.

(a) SHORT TITLE.—This Act may be cited as the "Commodity Distribution Reform Act of 1987".

(b) STATEMENT OF PURPOSE.—It is the purpose of this Act to improve the manner in which agricultural commodities acquired by the Department of Agriculture are distributed to recipient agencies, the quality of the commodities that are distributed, and the degree to which such distribution responds to the needs of the recipient agencies.

SEC. 2. COMMODITY DISTRIBUTION PROGRAM REFORMS.

(a) COMMODITIES SPECIFICATIONS.—

(1) DEVELOPMENT.—In developing specifications for commodities acquired through price support, surplus removal, and direct purchase programs of the Department of Agriculture that are donated for use for programs or institutions described in paragraph (2), the Secretary shall—

(A) consult with the advisory council established under paragraph (3);

(B) consider—

(i) the results of the survey conducted under section 3; and

(ii) information received from the field testing program developed under subsection (g); and

(C) require that entitlement commodities and their products be—

(i) of the quality, size, and form determined by the advisory council established under paragraph (3), after consultation with recipient agencies, to be most usable by such agencies; and

(ii) to the extent practicable, consistent with dietary guidelines published by the Secretary of Agriculture and the Secretary of Health and Human Services.

(2) APPLICABILITY.—Paragraph (1) shall apply to agricultural commodities and their products that are donated for use—

(A) for programs carried out under the National School Lunch Act (42 U.S.C. 1751 et seq.), the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), or title III of the Older Americans Act of 1965 (42 U.S.C. 3021 et seq.);

(B) under section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) for the commodity supplemental food program, the food distribution program on Indian reservations, charitable institutions, summer camps; or

(C) under section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) for the temporary emergency food assistance program.

(3) ADVISORY COUNCIL.—(A) The Secretary shall establish an advisory council on the distribution of donated commodities to recipient agencies. The Secretary shall appoint not less than nine and not more than 15 members to the council, including—

(i) representatives of recipient agencies;

(ii) representatives of food processors and food distributors;

(iii) representatives of agricultural organizations; and

(iv) one representative of State distribution agency directors.

(B) The council shall meet not less than semiannually with appropriate officials of the Department of Agriculture and shall provide guidance to the Secretary on regulations and policy development with respect to specifications for commodities.

(C) Members of the council shall serve without compensation but shall receive reimbursement for necessary travel and subsistence expenses incurred by them in the performance of the duties of the committee.

(D) The council shall report annually to the Secretary of Agriculture, the Committee on Education and Labor and the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(E) The council shall expire on September 30, 1992.

(b) DUTIES OF SECRETARY WITH RESPECT TO PROVISION OF COMMODITIES.—With respect to the provision of commodities to recipient agencies, the Secretary shall—

(1) before the end of the 180-day period beginning on the date of the enactment of this Act—

(A) implement a system to provide recipient agencies with options with respect to package sizes and forms of such commodities, based on information received from such agencies under subsection (f)(2);

(B) implement procedures to monitor the manner in which State distribution agencies carry out their responsibilities; and

(C) after considering national standards and industry charges, including State and regional differences in such charges, establish mandatory criteria to be used by State distribution agencies when fees are charged to recipient agencies for storage and delivery of commodities;

(2) provide technical assistance to recipient agencies on the use of such commodities, including handling, storage, and menu planning, and shall distribute suggested recipes that are, to the extent practicable, consistent with the dietary guidelines described in subsection (a)(1)(C)(ii);

(3) before the end of the 90-day period beginning on the date of the enactment of this Act, implement a system for the dissemination to recipient agencies and to State distribution agencies of summaries of specifications with respect to such commodities, including nutrient content information, in a form suitable for use by such State agencies and recipient agencies, including information with respect to the amounts of fat, sugar, and salt contained in such commodities;

(4) implement a system for the dissemination to recipient agencies and to State distribution agencies, not less than 60 days before each distribution of commodities by the Secretary is scheduled to begin, of information relating to the types and quantities of such commodities that are to be distributed;

(5) before the expiration of the 90-day period beginning on the date of the enactment of this Act, establish procedures for the replacement of commodities received by recipient agencies that are stale, spoiled, out of condition, or not in compliance with the specifications developed under subsection (a)(1), including a requirement that the appropriate State distribution agency be notified promptly of the receipt of commodities that are stale, spoiled, out of condition, or not in compliance with the specifications developed under subsection (a)(1);

(6) monitor the condition of commodities designated for donation to recipient agencies that are begin stored by or for the Secretary to ensure that the highest quality is maintained;

(7) establish for each entitlement commodity that is donated to a recipient agency a value which shall be used by the appropriate State distribution agency in determining the extent to which donations of such commodities and food products fulfill applicable requirements established by the National School Lunch Act (42 U.S.C. 1715 et seq.), the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), and title III of the Older Americans Act of 1965 (42 U.S.C. 3021 et seq.); and

(8) require that each State distribution agency shall receive donated commodities not more than 90 days after such commodities are ordered by such agency, unless such agency specifies a longer delivery period.

(c) QUALIFICATIONS FOR PURCHASE OF COMMODITIES.—

(1) OFFERS FOR EQUAL OR LESS POUNDAGE.—Subject to compliance by the Secretary of Agriculture with surplus removal responsibilities under other provisions of law, the Secretary may not refuse any offer in response to an invitation to bid with respect to a contract for the purchase of entitlement commodities solely on the basis that such offer provides less than the total amount of poundage for a destination specified in such invitation.

(2) OTHER QUALIFICATIONS.—The Secretary may not enter into a contract for the purchase of entitlement commodities unless—

(A) the Secretary considers the previous history and current patterns of the bidding party with respect to compliance with applicable meat inspection laws and with other appropriate standards relating to the wholesomeness of food for human consumption; and

(B) Subject to compliance by the Secretary of Agriculture with surplus removal responsibilities under other provisions of law and except in the event of a situation that the Secretary determines to be an emergency, the contract provides for delivery terms free on board destination.

(d) DUTIES OF STATE DISTRIBUTION AGENCIES.—Before the expiration of the 90-day period beginning on the date of the enactment of this Act, the Secretary shall by regulation require each State distribution agency to—

(1) evaluate its warehousing and distribution systems for donated commodities;

(2) implement the most cost-effective and efficient system for providing warehousing and distribution services to recipient agencies;

(3) utilize normal channels of trade for providing the services described in paragraph (2) unless—

(A) the agency submits an alternative plan to the Secretary; and

(B) the Secretary approves such plan;

(4) use delivery methods other than rail siding delivery of donated commodities to recipient agencies unless each such delivery is—

(A) solely for one recipient agency; or

(B) for two or more recipient agencies, if all of such agencies use the same warehouse facility;

(5) consider the preparation and storage capabilities of recipient agencies when ordering donated commodities, including capabilities of such agencies to handle commodity product forms, quality, packaging, and quantities; and

(6) in the case of any such agency that enters into a contract with respect to processing of agricultural commodities and their products for recipient agencies—

(A) test the product of such processing with the recipient agencies before entering into a contract for such processing; and

(B) develop a system for monitoring product acceptability.

(e) REGULATIONS.—

(1) IN GENERAL.—The Secretary shall provide by regulation for—

(A) mandatory criteria, based on national standards and industry charges (taking into account State and regional differences in such charges), to be used by State distribution agencies when fees are charged to recipient agencies;

(B) minimum performance standards to be followed by State distribution agencies;

(C) procedures for allocating donated commodities among the States;

(D) delivery schedules for donated commodities that are consistent with the needs of recipient agencies; and

(E) criteria for intrastate distribution of donated commodities (relating to such matters as timeliness of deliveries, advance notice of delivery, and frequency of such distributions).

(2) TIME FOR PROMULGATION OF REGULATIONS.—The Secretary shall promulgate—

(A) interim regulations for the implementation of paragraph (1)(E) to take effect before the end of the 30-day period beginning on the date of the enactment of this Act;

(B) regulations as required by paragraph (1)(D) before the end of the 90-day period beginning on such date; and

(C) regulations as required by subparagraph (A), (B), (C), and (E) of paragraph (1) before the end of the 180-day period beginning on such date.

(f) REVIEW OF PROVISION OF COMMITTEE.—

(1) IN GENERAL.—Before the expiration of the 180-day period beginning on the date of the enactment of this Act, the Secretary shall establish procedures to provide for systematic review of the costs and benefits of providing commodities of the kind and quantity that are suitable to the needs of recipient agencies.

(2) INFORMATION FROM RECIPIENT AGENCIES.—Before the expiration of the 120-day period beginning on the date of the enactment of this Act, the Secretary shall establish procedures to ensure that information is received from recipient agencies not less than once every three months with respect to the types and forms of commodities that are most useful to persons participating in programs operated by recipient agencies.

(g) FIELD TESTING PROGRAM.—The Secretary shall, before the end of the 90-day period beginning on the date of the enactment of this Act—

(1) develop and implement an ongoing field testing program, for existing and anticipated acquisitions of agricultural commodities and their products, to determine their acceptability with persons participating in programs operated by recipient agencies; and

(2) consider the results of the field testing program described in paragraph (1) when deciding the type and form of agricultural commodities and food products to be donated for use by such recipient agencies.

(h) BUY AMERICAN PROVISION.—

(1) IN GENERAL.—The Secretary shall require that recipient agencies purchase only food products that are produced in the United States.

(2) WAIVER.—The Secretary may waive the requirement established in paragraph (1)—

(A) in the case of recipient agencies that have unusual or ethnic preferences in food products; or

(B) for such other circumstances as the Secretary considers appropriate.

(3) EXCEPTION.—The requirement established in paragraph (1) shall not apply to recipient agencies in Alaska, Hawaii, Guam, American Samoa, Puerto Rico, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands.

(i) UNIFORM INTERPRETATION OF POLICIES AND REGULATIONS.—The Secretary shall ensure that policies and regulations of the Department of Agriculture with respect to donated commodities are interpreted in a consistent manner by regional offices of the Department.

(k) PER MEAL VALUE OF DONATED FOODS.—Section 6(e) of the National School Lunch Act (42 U.S.C. 1755(e)) is amended by—

(1) inserting "(1)" after the subsection designation; and

(2) adding at the end the following new paragraph:

"(2) Each State agency shall offer to each school food authority under its jurisdiction that participates in the school lunch program and recieves commodities, agricultural commodities and their products, the per meal value of which is not less than the national average value of donated foods established under paragraph (1). Each such offer shall include the full range of such commodities and products that are available from the Secretary to the extent that quantities requested are sufficient to allow efficient delivery to and within the State.".

(l) REPORT REQUIREMENTS.—

(1) IN GENERAL.—The Secretary shall annually submit to the Committee on Education and Labor and the Committee on Agriculture of the House of Representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the implementation and operation of this section.

(2) DEADLINE FOR REPORT.—The Secretary shall submit the first report under paragraph (1) before the expiration of the 1-year period beginning on the date of the enactment of this Act.

(m) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this section, this section shall take effect on October 1, 1987.

(2) OTHER EFFECTIVE DATES.—(A) subsections (b)(6), (b)(7), (b)(8), (h)(1), and (i) shall take effect on the date of the enactment of this Act.

(B) Subsection (c) shall take effect upon the expiration of the 180-day period beginning on the date of the enactment of this Act.

SEC. 3. SURVEY OF RECIPIENT AGENCIES.

(a) SURVEY.—The Secretary shall conduct a survey of recipient agencies to determine which package sizes and forms of food products are commonly purchased locally by such agencies with their own funds.

(b) REPORT TO CONGRESS.—The Secretary shall submit to the Committee on Education and Labor and the Committee on Agriculture of the House of representatives and to the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the survey conducted under subsection (a) before the expiration of the 90-day period beginning on the date of the enactment of this Act.

SEC. 4. FOOD BANK DEMONSTRATION PROJECT.

(a) DEMONSTRATION PROJECT.—The Secretary of Agriculture shall carry out no less than one demonstration project to provide and redistribute agricultural commodities and food products thereof as authorized under section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c), to needy individuals and families throughout community food banks. The Secretary may use a State agency or any other food distribution system for such provision or redistribution of section 32 agricultural commodities and food products through community food banks under a demonstration project.

(b) RECORDKEEPING AND MONITORING.—Each food bank participating in the demonstration projects under this section shall establish a recordkeeping system and internal procedures to monitor the use of agricultural commodities and food products provided under this section. The Secretary shall develop standards by which the feasibility and effectiveness of the projects shall be measured, and shall conduct an ongoing review of the effectiveness of the projects.

(c) DETERMINATION OF QUANTITIES, VARIETIES, AND TYPES OF COMMODITIES.—The Secretary shall determine the quantities, varieties, and types of agricultural commodities and food products to be made available under this section.

(d) EFFECTIVE PERIOD.—This section shall be effective for the period beginning on the date of enactment of this Act and ending on December 31, 1990.

(e) PROGRESS REPORTS.—The Secretary shall submit annual progress reports to Congress beginning on July 1, 1988, and a final report on July 1, 1990, regarding each demonstration project carried out under this section. Such reports shall include analyses and evaluations of the provision and redistribution of agricultural commodities and food products under the demonstration projects. In addition, the Secretary shall include in the final report any recommendations regarding improvements in the provision and redistribution of agricultural commodities and food products to community food banks and the feasibility of expanding such method of provisions and redistribution of agricultural commodities and food products to other community food banks.

SEC. 5. LIMITED EXTENSION OF ALTERNATIVE MEANS OF ASSISTANCE UNDER THE SCHOOL LUNCH PROGRAM.

Section 18 of the National School Lunch Act (42 U.S.C. 1769) is amended by adding at the end of the following new subsection:

"(e)(1) Upon request to the Secretary, any school district that on January 1, 1987, was receiving all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program shall receive all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program for each school year ending before July 1, 1992.

"(2) Any school district that elects under paragraph (1) to receive all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program shall receive bonus commodities in the same manner as if such school district was receiving all entitlement commodities for its school lunch program.".

SEC. 6. EXTENSION OF NATIONAL DONATED COMMODITY PROCESSING PROGRAMS.

(a) Subparagraph (A) of section 1114(a)(2) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431(a) (2)) is amended by striking out "June 30, 1987," and inserting in lieu thereof "June 30, 1992,".

(b) Section 4404 of the Child Nutrition Amendments of 1986 (Public Law 99-661) and section 364 of the School Lunch and Child Nutrition Amendments of 1986 (Public Law 99-591) are each amended by inserting after "the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(a)(2))" the following: "and effective through June 30, 1992".

SEC. 7. ASSESSMENT AND REPORT TO CONGRESS.

(a) ASSESSMENT.—The Comptroller General of the United States shall monitor and assess the implementation by the Secretary of Agriculture of the provisions of this Act.

(b) REPORT.—Before the expiration of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit to the Committee on Education and Labor and the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report of the findings of the assessment conducted as required by subsection (a).

SEC. 8. DEFINITIONS.

For purposes of this Act:

(1) The term "donated commodities" means agricultural commodities and their products that are donated by the Secretary to recipient agencies.

(2) The term "entitlement commodities" means agricultural commodities and their products that are donated and charged by the Secretary against entitlements established under programs authorized by statute to receive such commodities.

(3) The term "recipient agency" means—

(A) a school, school food service authority, or other agency authorized under the National School Lunch Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) to operate breakfast programs, lunch programs, child care programs, summer food programs, or similar programs and to receive donations of agricultural commodities and their products acquired by the Secretary through price support, surplus removal, or direct purchase;

(B) a nutrition program for the elderly authorized under title III of the Older Americans Act of 1965 (42 U.S.C. 3021 et seq.) to receive donations of agricultural commodities and their products acquired by the Secretary through price support, surplus removal, or direct purchase;

(C) an agency or organization distributing commodities under the commodity supplemental food program established in section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note);

(D) any charitable institution, summer camp, or assistance agency for the food distribution program on Indian reservations authorized under section 4 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) to receive donations of agricultural commodities and their products acquired by the Secretary through price support, surplus removal, or direct purchase; or

(E) an agency or organization distributing commodities under a program established in section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note).

(4) The term "State distribution agency" means a State agency responsible for the intrastate distribution of donated commodities.

(6) The term "Secretary" means Secretary of Agriculture.

The SPEAKER pro tempore (Mr. LEATH of Texas). Is a second demanded?

Mr. EMERSON. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas [Mr. DE LA GARZA] will be recognized for 20 minutes and the gentleman from Missouri [Mr. EMERSON] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1340, the Commodity Distribution Reform Act of 1987. This legislation is designed to improve the distribution and quality of agricultural commodities acquired by the U.S. Department of Agriculture and more adequately respond to the needs of recipient agencies.

This legislation is a compromise of H.R. 1340 as reported by the Committee on Agriculture on July 13 and H.R. 2496, the School Lunch Child Nutrition and Older Americans Commodity Program Improvement Act of 1987 and is the product of numerous consultations between Subcommittee Chairman LEON PANETTA of the Domestic Marketing, Consumer Relations and Nutrition Subcommittee and members of the Committee on Education and Labor and our respective committee staffs.

Agricultural commodities are donated to food assistance agencies by the U.S. Department of Agriculture under two authorities, section 416 of the Agricultural Act of 1949 and section 32 of the act of August 24, 1935. Acquisition of price support and surplus removal commodities have helped stabilize the agricultural economy over the years and have provided numerous health benefits to children, the elderly and our low-income needy through provision of nutritious foods to food assistance agencies throughout the country.

The committee is aware that there have been problems associated with the Department's donation of agricultural commodities and commends recent actions by the Department of Agriculture to attempt to correct problems of timely distribution and respond more effectively to recipient agency needs. These efforts have also been recognized in a resolution adopted last week by the American School Food Service Association noting that "the Department of Agriculture has responded in an extremely constructive manner" to recommendations for improvements in the commodity distribution programs filed by the association and the National Frozen Food Association.

The compromise bill before us today provides a statutory base for these and additional improvements in the Department's donation programs.

In arriving at final compromise language providing these improvements, however, the Committee on Agriculture has been diligent in ensuring that the purpose of the commodity distribution programs—removing surplus agricultural commodities from the market and providing nutritious food to food assistance agencies—be maintained. Further, the committee worked hard to make certain that nothing in the bill would impair in any way the ability of the Secretary of Agriculture to acquire agricultural commodities through either the price support or surplus removal programs of the Department.

In this regard, two provisions in the bill as passed by the Committee on Education and Labor of deepest concern to our committee have been corrected to our satisfaction by the amendment offered to the bill on the floor today. First, section 2(a)(1) of the bill has been changed to apply the development of commodity specifications only to those commodities which already have been acquired by the Secretary of Agriculture through the price support, surplus removal and direct purchase programs of the Department. Second, section 2(c)(1) and section 2(c)(2)(B) have been changed to require that qualifications for purchase of commodities are subject to compliance with the surplus removal responsibilities of the Secretary of Agriculture.

Section 2(b)(4) of the bill requires that the Secretary of Agriculture provide recipient agencies information as to the types and quantities of commodities they are to receive not less than 60 days before each distribution. The Committee on Education and Labor has agreed that many times in surplus removal operations, in order to respond to a volatile marketplace, the Secretary must engage in surplus removal activities quickly. Thus, the committee report language specifies that the 60-day notification should be carried out to the maximum extent feasible. The Committee on Agriculture, however, does understand the need to notify recipient agencies as soon as possible when commodities are to be distributed and agrees that this requirement should be the exception rather than the rule.

Section 2(j) of the compromise bill mandates that entitlement commodities provided under the school lunch and elderly feeding programs shall be provided to recipient agencies without charge or credit if such commod-

ities do not contribute to established meal pattern guidelines. The Committee on Agriculture is concerned that the Secretary may not acquire an entitlement commodity if such commodity cannot be charged against the entitlement purchase. The floor amendment strikes this provision and the concerns of the committees will be addressed in a subsequent colloquy.

H.R. 1340 as passed by the Committee on Agriculture received full bipartisan support, and our committee felt the proposed legislation would properly correct problems brought to our attention about the current operations of the commodity distribution programs. Our friends in the Education and Labor Committee, however, wished to correct deficiencies in the school distribution program in particular and, thus, the compromise bill includes improvements for all commodity donation programs of the Department of Agriculture.

I urge my colleagues to support the compromise bill as amended.

Mr. Speaker, it is our intention to divide our time on this side with our colleague from the Committee on Education and Labor, should they want to avail themselves of the time.

Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from California [Mr. PANETTA] chairman of the subcommittee, whom I cammend, along with other members of the subcommittee and staff, for doing yeoman work in this endeavor.

Mr. PANETTA. Mr. Speaker, I express my thanks not only to the ranking minority member, the gentleman from Missouri, Mr. BILL EMERSON, but also to the gentleman from Michigan, Mr. FORD, ranking member of the Committee on Education and Labor, as well as the gentleman from Pennsylvania, Mr. GOODLING, the ranking minority member of the subcommittee which has responsibility for this issue on commodities with the Committee on Education and Labor. All of them plus the staffs have worked long and hard and diligently to bring before the House a compromise bill on this issue.

For more than 50 years, USDA has helped stabilize our agricultural industry by removing surplus foods from the marketplace and donating them to a number of nutrition programs. The Department's commodity purchase and distribution program has allowed us to provide our schoolchildren and other eligible recipient agencies with wholesome and nutritious meals, and to simultaneously assist our Nation's farmers.

Legislative authority for these acquisitions is found in the Agricultural Act of 1949 and section 32 of the act of August 24, 1935. Last year, the Department distributed approximately $800 million worth of various commodities acquired through its agricultural support activities for use in child nutrition programs serving over 25 million children. This distribution formed 17 percent of the total $4.7 million in Federal child nutrition assistance last year. Additional commodities valued at almost $300 million were distributed to charitable institutions and programs serving the elderly and over $800 million in commodities were donated through the Temporary Emergency Food Assistance Program.

As important as the commodity distribution programs are, however, they are in need of improvement. For almost a decade, they have been the subject of growing controversy. The heaviest criticism has come from the agencies, primarily schools, receiving commodity supplements to the cash assistance they used to furnish meals to children.

In a hearing that I held in my subcommittee we heard all too often that the commodities received by recipients were delivered late and packaged in forms which were difficult to use. We also heard about cheese that doesn't melt and beef shipments which came so late in the academic year that schools had to store the hamburger over the summer.

H.R. 1340 is the end product of a long and balanced effort by users of the program throughout the country to develop recommendations on improving the Department's commodity purchase and distribution operations and strengthening their contributions to agricultural support programs. H.R. 1340 is designed to ensure that the distribution programs fulfill and balance two important objectives: First, to support U.S. agriculture by removing surplus commodities from the market; and second, to help protect the nutritional well-being of people throughout the country by providing nutrition assistance to schools, senior citizens centers, and other institutions through distribution of surplus commodities.

The bill recognizes the need for a strong statutory base to ensure that many of the recommendations on commodity distribution are implemented as soon as possible. It also includes provisions which would extend the authority for schools to continue to participate in pilot projects that offer cash and commodity letters of credit in lieu of commodities; extend the National Commodity Processing Program; and create a new community food bank demonstration project.

When originally introduced, H.R. 1340 was referred to the Committee on Agriculture. The Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition which I have the honor to chair held hearings on the bill in March 18.

There were five concerns which were raised by the Committee on Agriculture to the substitute approved by the Committee on Education and Labor. There have been long and difficult negotiations to resolve the five areas of difference. The Agriculture Committee's concerns reflect the importance of ensuring that the balance which was achieved in H.R. 1340 as reported by the Agriculture Committee on July 13, 1987 is maintained. That balance is to weigh the legitimate concerns of agriculture producers for surplus removal against the equally legitimate concerns of the agencies which receive the surplus Agricultural Distribution Program be responsive to their needs. I want to describe the resolution of these five issues.

The first issue is that the Education and Labor substitute directs the Secretary of Agriculture to consult with an advisory committee and consider results of a survey and information from a field testing program in developing specifications on commodities to be acquired under price support, surplus removal and direct purchase programs. The Agriculture Committee is concerned that this provision would restrict the Secretary's ability to acquire commodities in carrying out his responsibilities for removal of surplus agriculture products from the market.

Compromise statutory and report language was agreed to that ensure that the surplus removal responsibilities of the Secretary will not be compromised. This language clarified that by requiring that the Secretary develop specifications for commodities acquired through price support, surplus removal, and direct purchase programs of the Department of Agriculture, the Committee on Education and Labor does not intend that the Department be constrained in its commodity surplus removal activities. The Committee on Education and Labor's intention is to ensure that the nutritious agriculture commodities distributed to recipient agencies be of a quality and type that can be packaged in sizes or processed into forms useful to these recipient agencies.

The second issue is the Agriculture Committee's concern that the requirement in the Education and Labor Committee substitute for a 60-day notification to recipient agencies before each distribution is inappropriate because the Secretary of Agriculture would be prevented from responding quickly in a volatile market.

The Committee on Education and Labor recognizes that in the case of surplus removal operations involving highly perishable goods in a volatile market, the requirement that recipient agencies get 60-days notice of the types and quantities to be distributed may not be administratively feasible in all situations. In such instances, the dual objectives of the commodity distribution program—surplus removal and distribution of nutritious agriculture commodities to recipient agencies—will be best achieved with a shorter notification period. The Committee on Education and Labor, however, expects that the Secretary, to the maximum extent feasible, will

comply with the 60-day notification requirement. The Committee on Education and Labor stresses that it will fully expect that instances of emergency will be the exception rather than the rule.

The third issue reflects the concern of the Committee on Agriculture that two provisions which were added in the Education and Labor substitute to encourage small business to bid for commodity contracts might restrict the Secretary of Agriculture's responsibility to carry out his surplus removal responsibilities.

One prohibits the Secretary of Agriculture from refusing a bid solely on the basis that the offer provides less than the total amount of poundage for a destination specified in the invitation to bid. The other requires that except in a emergency situation, the contract must provide for delivery terms free on board destination. Statutory language was added as a compromise to these two provisions that makes them both subject to compliance by the Secretary of Agriculture with surplus removal responsibilities under other provisions of law.

The Committee on Education and Labor included the requirements of the substitute to prevent the commodity acquisition activities of the Department from being administered in a way which would prevent full participation of small business concerns in the program. This provision is intended to ensure that contracts are not refused solely on the basis of the volume of the shipment.

The fourth concern was that the Education and Labor substitute provided for cost-benefit analyses of commodity acquisition and distribution. The Agriculture Committee objects to any implication that a cost-to-recipient agency test will determine what surplus commodities to remove from the market. The Committee on Education and Labor added report language to clarify that this is not the intent.

The Committee believes that the cost-benefit analysis required under section 2(f) of the substitute will be useful to the Secretary of Agriculture in carrying out his responsibilities under this Act, but recognizes that the cost-benefit to recipient agencies, while it must be considered, may not always be a final determinant.

The fifth concern raised by the Committee on Agriculture pertains to the provision in the Education and Labor substitute which would not allow the Secretary of Agriculture to charge against their entitlement credit any commodities provided under the School Lunch or Older Americans Act that do not contribute to the meal pattern guidelines established by the Secretaries of Agriculture and Health and Human Services for those programs. The Agriculture Committee believes that this provision could result in an imbalance of commodities currently being purchased. If the Secretary cannot charge a commodity against the entitlement purchase, he would not acquire it. Statutory language was added to specify that this provision has been striken from the bill in the compromise and I will engage in a colloquy with my colleagues on the Committee on Education to ensure that the department continues to supply a bonus commodities those items which it is currently purchasing and distributing in that fashion.

This bill is a compromise. Probably it is a pretty good compromise because none of the parties who negotiated it are totally happy. The Department of Agriculture has raised at the last minute some concerns about provisions not addressed in the five issues negotiated between the Committees on Agriculture and Education and Labor. These concerns may be legitimate. The were raided too late to be fully analyzed. I would anticipate that in the conference with the Senate on this bill, we will be able to resolve remaining concerns.

What is important now is that we can go on with the task of ensuring that schoolchildren and poor Americans get nutritious commodities, and approve this compromise bill.

The SPEAKER pro tempore. The gentleman from California [Mr. PANETTA] has consumed 5 minutes.

Mr. DE LA GARZA. Mr. Speaker, may I inquire how much time I have remaining?

The SPEAKER pro tempore. The gentleman from Texas [Mr. DE LA GARZA] has 14 minutes remaining.

Mr. DE LA GARZA. Mr. Speaker, I yield 10 minutes to the distinguished gentleman from Michigan [Mr. FORD] to use as he may require.

The SPEAKER pro tempore. Without objection, the gentleman from Michigan [Mr. FORD] will be recognized for 10 minutes.

There was no objection.

Mr. EMERSON. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. GOODLING] for him to use as he wishes.

The SPEAKER pro tempore. Without objection, the gentleman from Pennsylvania [Mr. GOODLING] will be recognized for 10 minutes.

There was no objection.

Mr. EMERSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the House of Representatives is now considering a bill to improve the administration of the Commodity Distribution Program. Through this program surplus commodities are made available to several programs including the School Lunch Program and the nutrition programs for the elderly. In all, over $2 billion of commodities are made available each year. The purpose of the Commodity Distribution Program is a dual one: it is aimed at providing assistance to our Nation's farmers and it is aimed at providing food to schools and other organizations to help feed needy children. It is ext2emely important to remember the dual goals of the Commodity Distribution Program and to ensure that the design of the program adheres to both areas that are served.

This bill was originally introduced by the chairmen and the ranking minority members of the Committee on Agriculture and the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition. This, I believe, demonstrates our commitment to improvement of the administration of the Commodity Distribution Program and Adherence to the dual goals of the program.

In the subcommittee, we have held extensive hearings on Commodity Distribution Programs and have consistently urged the USDA to improve its distribution methods. The Secretary of Agriculture demonstrated his further commitment in December 1985 by establishing a task force to report to him on means to improve USDA's commodity purchase and distribution activities. In June 1987, the task force issued its report which is comprehensive and lists specific improvements to be made. In recognition of this, the American School Food Service Association, which is a non-profit association of 60,000 members comprised of employees that administer and staff the child nutrition programs at the State and local level, adopted a resolution on July 24, 1987. The Association's resolution found that USDA has responded to their concerns in an "extremely constructive manner" and had made "substantial progress" in addressing their recommendations. In addition, that association of 60,000 now opposes adoption of a commodity letter of credit option at the State or local level to replace the Commodity Distribution Program as we know it today.

I am pleased to bring this matter to my colleague's attention to demonstrate across the board commitment to improvements in the Commodity Distribution Program.

H.R. 1340 was agreed to by the Committee on Agriculture, to whom the bill was referred, on June 3, 1987. That bill was a carefully thought-out and constructive measure that required the Secretary of Agriculture to take certain steps to improve the distribution of agricultural commodities and food products acquired by the USDA that are donated. That bill had a wide range of support from organizations involved in the Commodity Distribution Program, such as the American School Food Service Associations and agricultural organizations representing milk producers, fruit and vegetable organizations and farm organizations.

H.R. 1340 was later sequentially referred to the Committee on Education and Labor who reported a substitute bill. Throughout our discussions on deciding the best manner in which we can achieve our goal or improvement in the Commodity Distribution Program, I believe we must remember the dual goals of the program: help to our Nation's farmers and provision of nutritious food to children.

I am pleased that we have agreed on these goals and have reached resolution of the major points in disagreement. We agree that this bill does not, in any way, restrict the Secretary of Agriculture's ability to acquire commodities and that it is our intention to ensure that nutritious commodities are distributed. We agree that the Secretary must be able to respond quickly to accomplish surplus removal activities in a highly volatile market. We have always agreed on the need to constantly improve the administration of the Commodity Distribution Program.

It is important that Price Support and Surplus Removal Programs which are vital to farmers not be restricted. The goals of the Commodity Distribution Program are consistent with this. We must ensure that good quality food is provided to schools and other agencies; that America's agricultural markets are strengthened and that the Commodity Distribution Program operates in an orderly fashion.

We do not need a complex, inefficient system providing fewer agricultural commodities. Nor do we need a system that provides highly processed food and reduces the amount of food acquired from farmers. The issues raised concerned the Secretary of Agriculture's ability to manage Price Support, Surplus Removal and Direct Purchase Programs.

By requiring that the Secretary develop specifications for commodities acquired through Price Support, Surplus Removal, and Direct Purchase Programs of the Department of Agriculture, we do not intend that the Department be constrained in its commodity surplus removal activities. Our intention is to ensure that the nutritious agriculture commodities distributed to recipient agencies be of a quality and type that can be packaged in sizes or processed into forms useful to these recipient agencies.

In addition, we recognize that in the case of surplus removal operations involving highly perishable goods in a volatile market, the requirement that recipient agencies get 60-days notice of the types and quantities to be distributed may not be administratively feasible in all situations. In such instances, the dual objectives of the Commodity Distribution Program—surplus removal and distribution of nutritious agriculture commodities to recipient agencies—will be best achieved with a shorter notification period. We, however, expect that the Secretary, to the maximum extent feasible, will comply with the 60-day notification requirement and stress that it will fully expect that instances of emergency will be the exception rather than the rule.

I am especially pleased that H.R. 1340 contains an amendment I offered concerning a food bank demonstration project and I wish to thank the chairman of the Nutrition Subcommittee for his assistance. Our subcommittee held a hearing in Sikeston, MI on the subject of food banks and how they participate in the Temporary Emergency Food Assistance Program. Chairman PANETTA presided over that hearing and heard the testimony of the people who operate the food bank in Sikeston. Following that hearing and after a review of information compiled in our other hearings, I offered an amendment in the committee to require the USDA to begin a demonstration project in which the variety of commodities provided to food banks will be expanded to include meat products, fruits and vegetables. That amendment remains a part of the bill before us today and I thank Chairman PANETTA for his assistance. In addition, I thank the gentleman from Pennsylvania, the ranking minority member on the Education and Labor Subcommittee for his help. I have discussed this amendment over the past few weeks with him and appreciate his assistance.

PURPOSE OF H.R. 1340

It is the purpose of H.R. 1340 to improve the manner in which commodities that have been acquired by the USDA are distributed to agencies that use them to provide food for meals to improve the quality of the products distributed—and to improve the degree to which distribution responds to the needs of these agencies. To accomplish this, H.R. 1340 requires the Secretary of Agriculture, among other things, to—

First, make available summaries of specifications developed for the commodities and products;

Second, develop and implement schedules for distribution of commodities and products that are consistent with the needs of recipient agencies;

Third, develop replacement procedures for commodities and products that are stale or spoiled; and

Fourth, monitor the condition of commodities and products designated for donation that are in Department of Agriculture storage to ensure that quality is maintained.

For over 50 years, the Department of Agriculture has helped stabilize the agricultural economy through its Price Support and Surplus Removal Programs. Commodity acquisitions allows the Federal Government to not only significantly supplement nutrition assistance for children, the elderly, and the needy, but also to significantly assist our Nation's farmers.

Last year, the Department distributed approximately $800 million worth of a variety of commodities acquired through its agricultural support activities for use in child nutrition programs serving over 25 million children. This distribution formed 17 percent of the total $4.7 billion in Federal child nutrition assistance. Additional commodities valued at almost $300 million were distributed to charitable institutions and programs serving the elderly. Over $800 million in commodities were donated through the Temporary Emergency Food Assistance Program.

As important as the Commodity Distribution Programs are, however, they are in need of improvement.

DUAL PURPOSE OF THE COMMODITY DISTRIBUTION PROGRAM

The purpose of the Commodity Distribution Program is a dual one: to assist our Nation's farmers and to provide low-cost, nutritious food for schoolchildren and needy individuals and families. This balance must be maintained. We must assure that the Secretary of Agriculture can fulfill his agricultural support objectives while making sure that commodities that are donated are done so in an effective and efficient manner.

The USDA must retain its ability to make emergency purchases wherever surpluses exist and markets are depressed and also assure that agencies receiving these contributions can operate programs with as much advance notice of receipt of commodities as is possible.

We must make sure that the commodities and products donated contribute to the good health of the participants and are not so highly processed that the cost of the product is increased while the value of the donated commodity decreases.

An example of how the dual nature of this Commodity Distribution Program works is the recent provision of 21.2 million pounds of frozen red tart cherries for use in the school lunch and other domestic feeding programs. This purchase helps cherry growers in Michigan, New York, Wisconsin, Pennsylvania, Ohio, Virginia, West Virginia, and Maryland and by reducing the large reserve of cherries on hand and will assure USDA can make cherries available to schools.

COSTS OF H.R. 1340

As reported by the Committee on Agriculture the cost of H.R. 1340 was less than $500,000 each year, according to the Congressional Budget Office (CBO). This cost included small increases in administrative costs for testing the acceptability of commodities, establishment of an advisory council and evaluation of the food bank demonstration project. However, the cost

of H.R. 1340 after being reported by the Committee on Education and Labor increased to $3 million in 1988 and $2 million in each succeeding year. In addition, CBO indicated that there could be increased costs for State and local agencies involved in the programs covered by this legislation. Changes in the CBO cost estimates resulted from expansion of the size and responsibility of the advisory counsel, expansion of the requirements for sending out information, requiring a new survey and collection of information on a quarterly basis, extension of the cash/commodity letter of credit option for certain school districts and by adding several reporting requirements.

FOOD BANK DEMONSTRATION PROJECT

H.R. 1340 requires the Secretary to establish at least one demonstration project in which the variety of commodities provided to food banks is expanded.

The purpose of this amendment is to test the concept of using section 32 commodities, those commodities removed from the market by the USDA under the Surplus Removal Program, for food banks. This pilot project will be established for the period through 1990, to coincide with the expiration of the farm bill. At that time the USDA will be required to submit a report to the Congress evaluating the pilot and making recommendations as to the feasibility of continuing the project and expanding it to other food banks.

The 1985 farm bill provided that public or private nonprofit organizations receiving commodities under section 32 of the act of 1935 are authorized to transfer these commodities or products to other private or nonprofit organizations that can use them without waste to provide nutrition assistance to low income persons. This redistribution will be a source of the surplus commodities to be made available for the food bank pilot project. Other surplus removal activities of the USDA can provide additional surplus commodities to the food bank pilot project.

Food banks provide a vital resource to the communities they serve. Their service is not only in distribution of surplus commodities made available by the U.S. Department of Agriculture through the Temporary Emergency Food Assistance Program (TEFAP). In addition, they provide food products donated by food stores and other private organizations. The food banks, which provide food to charities that serve the needy, are an integral part of the overall network of public and private organizations providing food assistance to needy individuals and families.

A food bank is defined by the USDA as a provider of central collection, storage and distribution of donated foods. A food bank has the resources to solicit, transport, store and distribute foods in large quantities thus providing a convenient outlet for donors who then interact with only one agency. Food banks may also operate food box programs which provide boxes or bags of food directly to households, for preparation at home.

According to a report issued by the USDA, food banks distributed a significant portion of TEFAP commodities, although the proportion varies across States. The proportion varied from 100 percent in seven States to less than 1 percent, but because States with larger TEFAP allocations tended to use food banks more, 30 percent of all TEFAP commodities for the Nation were distributed through food banks.

Commodities received by food banks through TEFAP include cheese, butter, nonfat dry milk, flour, cornmeal and rice. By initiating the food bank demonstration pilot project, the committee is testing the concept of increasing the variety of commodities made available to food banks, specifically section 32 commodities which include fruits, vegetables, meat and poultry products.

Many food banks have an established network in place to provide for the distribution of surplus commodities to agencies that feed needy people. Such food banks have workable transportation systems, available warehouses and a history of reliable service. The committee has chosen to use the available food bank system and to increase the variety of commodities made available to needy people. These commodities of fruits, vegetables, meat and fish products will complement the staple surplus commodities now distributed by food banks and thereby provide a wider range of food to individuals and families in need.

USDA is required to establish at least one demonstration project but, of course, may conduct more. The committee expects that the USDA will consult with the committee in carrying out this demonstration project and will report periodically on the status of the project, the types of commodities made available and the feasibility of expanding distribution of section 32 commodities to other food banks.

Mr. Speaker, under leave to include extraneous matter, I include herewith in the RECORD a statement of the USDA's position on H.R. 1340. They oppose the bill. However, it is my hope that many of the USDA concerns can be worked out in conference.

MAJOR CONCERNS OF THE U.S. DEPARTMENT OF AGRICULTURE WITH H.R. 1340, THE "COMMODITY DISTRIBUTION REFORM ACT OF 1987," AS ORDERED TO BE REPORTED BY THE HOUSE EDUCATION AND LABOR COMMITTEE, JULY 31, 1987

The USDA commodity distribution system serves several important goals: providing good quality foods to schools and other recipient agencies; strengthening America's agricultural markets; and operating in an efficient and orderly fashion which accommodates the needs and capabilities of our State and local partners. This bill moves sharply away from the goals of agricultural support and operational efficiency. The net effect of this bill will be a complex, inefficient system which will provide less agricultural support and which may often fail to provide commodities to sites effectively. Entitlement commodities only constitute 20 percent of the funds for the National School Lunch Program; schools always can respond flexibly to their needs using the remaining funds.

The bill decreases the amount of entitlement commodities that can be removed from the market at current funding levels and reduces the amount of food that recipient agencies receive.

To provide further accommodation to recipient agency desires for entitlement commodities, USDA would have to buy more processed foods. For example, instead of frozen, cut-up chicken, USDA would purchase more expensive breaded chicken nuggets. The Study of Alternatives to Commodity Donation showed that such efforts reduce the market value of food purchased by 3 percent. The reduction in the amount of food acquired from farmers would be even greater due to the processing costs. A dollar's worth of breaded chicken nuggets uses half of the amount of chicken as a dollar's worth of frozen, cut-up chickens.

Further, purchasing more processed foods would likely increase the level of salt and other processing ingredients in children's diets.

This bill ignores recent and ongoing voluntary, cooperative improvements made by USDA. On July 24, 1987, the American School Food Service Association passed a resolution recognizing these improvements, supporting the USDA commodity distribution program and opposing a State or local Commodity Letter of Credit (CLOC) option.

The bill creates a complex, paperwork-laden system which will greatly increase burdens upon the Department, State distributing and educational agencies, and recipient agencies. This will both increase costs and decrease the ability of all organizations to manage the commodity distribution system within current resources and to improve the system.

Changes in purchase requirements made by the bill will result in inequitable and inflexible systems, hindering the Department's ability to provide the types and amounts of food desired by recipient agencies.

In addition, these changes will delay and increase the costs of an $18 million computer system being designed by Arther Anderson and Co. for three USDA agencies (FNS/AMS/ASCS) to improve commodity acquisition and distribution. The cost of systems redesign is about $2.6 million. The delay of at least one year (from Fiscal Year 1989 to 1990 readiness) will impair USDA ability to the commodity distribution system.

The rapid timeframes required for implementation will require substantial and sudden changes in regulations and procedures. The result will be short-term confusion and chaos. This will inevitably lead to a poor review of implementation by the General Accounting Office.

The Department estimates $6.05 million in Fiscal Year 1988 costs, not including major costs which will be incurred by State

and local agencies and the loss of purchasing power for commodity acquisitions.

MAJOR PROVISIONS OF CONCERN IN H.R. 1340 (EDUCATION AND LABOR SUBSTITUTE) SECTION AND PROVISION/CONCERN:

2(a)(1)(C)(i)—Requires USDA to buy commodities based on specifications determined by the advisory council. Terminates USDA discretion in purchasing commodities, based on market needs or availability and other legislative requirements.

2(a)(2) & definitions—Extends coverage of this bill to all commodity donations programs, including TEFAP, Charitable Institutions, Commodity Supplemental Food Program, and programs under the Older Americans Act. The provisions should be confined to mandatory coverage for the Child Nutrition programs and optional coverage for the other programs. Establishes needless burdens for programs marginally affected.

2(a)(3)—Establishes an advisory council to provide guidance on commodity specifications. Establishes an unnecessary and costly group. USDA already has well-established channels of information, including regular input from State advisory councils.

2(b)(1)(A)—Requires USDA to provide optional package sizes and forms of commodities. Needs to include the phrase, "where available." Optional forms are not always available or economical.

2(b)(1)(C) & 2(e)(1)—Requires USDA to establish mandatory criteria for State charges for handling commodities. Given the variation in State and local practices and financial status, this is not possible.

2(b)(3)—Requires a system to disseminate summaries of commodity specifications to State and recipient agencies. This is costly and unnecessary. Many recipient agencies (e.g., TEFAP agencies) would not want the specifications. This provision should be limited to State agencies, who can make the information available to recipient agencies. Cost $1 million.

2(b)(4)—Requires 60 day lead notification on deliveries. This needs an exemption for emergency situations, such as emergency surplus removal.

2(b)(6)—Requires commodities to be stored in conditions to maintain "highest quality." There is no industry standard for highest quality. This should be changed to "acceptable" quality.

2(c)(1)—Prohibits USDA from refusing offers from commodity contractors because the offer is less than the amount requested. This will create a needlessly complex system of bid review and distribution. Increases the burdens and risks of recipient agencies, who may be faced with multiple partial deliveries of slightly differing products from multiple producers. The FNS/AMS/ASCS computer system is designed with a truckload as the minimum unit. To redesign this system will cost AMS about $2.5 million and delay readiness from 1989 to 1990.

2(c)(2)(B)—Requires free-on-board destination buys, rather than point-of-origin buys. Bids may not be received for remote and rural areas, which will increase the unpredictability of deliveries for them. Also increases inequity of allocations, based on preferred destination points. Destination bids are less flexible for recipient agencies. To reprogram the tri-agency computer system for this will cost about $100,000.

2(d)—Requires USDA to develop regulations for State performance in six areas. This endangers USDA's cooperative efforts to establish performance standards for State distributing agencies, based on joint efforts with the National Association of State Agencies for Food Distribution and the American School Food Service Association.

2(e)(2)—Establishes extremely short timeframes for regulatory implementation. These will both limit public input and cause confusion due to sudden and changing rules. The results will be problems in Departmental, State and local implementation.

2(f)(1)—Requires cost/benefit analyses for commodity specification decisions. This is inappropriate for legislative price support and surplus removal acquisitions and is unworkable in practice. Could cause a massive paperwork burden for recipient agencies to establish costs and benefits.

2(f)(2)—Requires a quarterly reporting system for commodity preferences. This is a costly system that has little purpose. For the National School Lunch and Breakfast Programs, purchases are made on an annual schedule to fit their cycle or demands and the agricultural cycle of availability; USDA already receives annual reports. For the Commodity Supplemental Food Program and the Food Distribution Program for Indian Reservations, we already receive quarterly reports.

2(g)—Requires field testing of existing and anticipated commodities. USDA already field tests new products, but should not have to field test products that are already available and accepted.

2(h)—Requires that recipient agencies buy only American-produced food. While USDA only purchases American-produced foods and encourages recipient agencies to do so, this restricts the non-Federally-funded purchases of agencies. This may cause particular problems for certain commodities, such as bananas and sugar. Some agencies which receive relatively low Federal support, such as soup kitchens, may drop out of programs. It will be impossible to monitor this provision. This also has potentially serious trade repercussions.

2(j)(1)—Prohibits USDA from charging against a State's entitlement commodities, those foods which do not contribute to meal patterns, except vegetable oil and shortening. We oppose this provision, which is potentially costly or will reduce purchases. This can be made acceptable if report language specifies that this does not include foods which can be used in the preparation of foods in the meal pattern. For example, flour can be used in bread, which is part of the meal pattern, or cake, which is not. Flour should be exempt.

2(k)(2)—Requires States to offer to each school the full and range of commodities. This limits State flexibility in dealing with the amounts, types and shipping units of foods available, based on their assessment of school needs.

3—Requires a survey of recipient agencies within 90 days to determine what they are purchasing. This would be expensive and perhaps impossible to do in 90 days. This will also impose a large information collection burden on recipient agencies at the same time they are trying to comply with other bill provisions. USDA recently completed a School Food Purchase Study anyway. Cost $1 million.

5—Extends through 1992 CLOC and cash sites which participated in the Study of Alternatives to the Commodity Donation Study. The study is complete and there is no need to extend these sites. The alternative systems offered no significant advantages over the current system and provide less market support for agricultural purchases. The American School Food Service Association no longer backs State or local option CLOC.

6—Extends the National Commodity Processing System through 1992. USDA is actively trying to improve the system and does not believe mandates are appropriate. Further, given the declining stocks of surplus commodities, the system may not be needed by 1992.

USDA COST ESTIMATES FOR H.R. 1340 (EDUCATION AND LABOR SUBSTITUTE)

The H.R. 1340 cost estimate is based on the version ordered to be reported out of the House Committee on Education and Labor on July 28, 1987.

Fiscal year 1988 costs

Provision	*Millions*
Advisory Council	$0.2
Specification summaries to recipient agencies	1.0
Field testing	.1
Quarterly information from recipient agencies	.25
Annual reports to Congress:	
USDA	.1
Advisory Council	.1
GAO	.1
Extension of CLOC sites	.2
Survey of recipient agencies within 90 days	1.0
Food bank demonstration evaluation	.2
General FNS staff to write regulations and implement procedures	.2
Redesign and reprogram FNS/AMS/ASCS computer:	
Purchases less than a truckload	2.5
Destination terms and delivery based on recipient agency needs	.1
Total	6.05

Note:—These costs do not include: Major costs to be incurred by State and local agencies which must implement the provisions of the bill, possible future costs based on implementing the advisory council recommendations, or possible increases in the purchase costs of foods due to changes in purchase requirements made by the bill.

AGRICULTURAL MARKETS LIKELY TO BE AFFECTED BASED ON SCHOOL PREFERENCES

A major purpose of H.R. 1340 (the substitute bill from the Committee on Education and Labor) is to increase the extent to which USDA buys and distributes commodities based on recipient agency (e.g., school) preferences.

USDA currently uses the commodity distribution system to balance the needs of users and those of producers. Evidence on the effect of further basing purchases on recipient agency requests is available from the Study of Alternatives to Commodity Donation, which permited certain school districts to receive cash or Commodity Letters of Credit, in lieu of USDA commodities.

There would likely be two effects: (1) further processing of foods, substantially reducing the farm level impact of USDA purchases (discussed elsewhere) and (2) a change in the types of commodities purchased. If we assume that school preferences can be measured based on the experience with schools offered cash, the following markets would be affected:

Decreased Purchases Based on School Preferences: beef, peanuts, spinach, dry peas, chicken, pears, sweet potatoes, milk, blueberries, and tomatoes.

Increased Purchases Based on School Preferences: palm oil and cottonseed oil.

For the Commodity Letter of Credit sites, the impacts were similar, but more limited, since USDA letters of credit still required

schools to buy specified commodity products, in accord with USDA commodity purchase allocations.

In the cash sites, the dollar volume impacts for beef, chicken and milk products were substantial. As a share of the market, the declines for fruits and vegetables were quite large, especially for pears and blueberries.

Since the Department of Agriculture currently uses its discretionary authority to provide market relief for varying degrees according to market conditions, assistance may be provided at other times to markets, such as cherries.

In seeking to improve the commodity distribution program, there has been considerable emphasis placed on providing users with more acceptable froms of commodities in question. If the products purchased by the Commodity Letter of Credit (CLOC) sites in the Alternatives to Commodity Distribution Demonstration Study are any indication of the form of commodities that would be preferred by local school food authorities in general, this emphasis on user acceptability of commodity form may have implications on the agricultural markets. Over the period of the demonstration, the flexibility afforded the CLOC sites provided them the opportunity to acquire foods in a more ready-to-use state.

For most commodities, the form of the items purchased by CLOC sites was similar to USDA donations, although the packaging of these items may have differed. However, there was some evidence that for some commodities, if the school districts were given the opportunity, they would acquire foods in a different form than what was donated by USDA. This was especially evident for meats other than beef. CLOC sites expended a significant portion of their letters of credit funds for the cost of processing the targeted commodity into more kitchen-ready forms than that currently being donated by USDA. In particular, almost 75 percent of all chicken products purchased with the CLOGs were cooked, breaded items such as chicken nuggets or chicken patties. About two thirds of all turkey purchases were processed turkey products such as turkey hotdogs, turkey lunchmeat or turkey hams. Instead of canned pork, CLOC sites purchased ham, pork sausage, and pork patties.

On average, commodity school districts expended about 52 cents of every food dollar for "value added costs" (i.e., the difference between the cost of the farm-level ingredients and the wholesale prices paid by the schools. The cash and CLOC systems increased the portion of the food dollar spent on processing and distribution by about 3 cents—a relative increase of almost 6 percent. Obviously, for commodities such as chicken and turkey the relative increase in processing would be considerably more.

As an example of how commodity processing affects the farm-level removal, suppose $1,000 was to be spent on chicken products. The following table displays the amount of specific chicken products that could be bought with that $1,000 and the farm-level equivalent needed to produce those products.

Food item	Cost per pound	Pounds per $1,000	Farm-level equivalent
Chicken fryer, whole, frozen	0.62	1,613	2,224
Chicken, cut-up, frozen	0.73	1,370	1,889
Chicken, cut-up, breaded, cooked, frozen	0.95	1,053	1,635
Chicken, nuggets, breaded, cooked, frozen	1.77	565	1,000

Mr. FORD of Michigan. Mr. Speaker, on behalf of the Committee on Education and Labor, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1340, the Commodity Distribution Reform Act of 1987.

The bill that is before the House today was reported by the Committee on Agriculture on July 13, 1987, and sequentially referred to Education and Labor, due to its jurisdiction over the School Lunch, Child Nutrition, and Older Americans Act. We were to have the bill under sequential referral for 14 days—until July 31, 1987.

On July 28, 1987, the Education and Labor Committee ordered H.R. 1340 reported, by a vote of 34 to 0, amended in the nature of a substitute. The committee substitute contained the provisions of H.R. 2496, introduced by myself and WILLIAM GOODLING of Pennsylvania on May 21, 1987.

Both H.R. 2496 and H.R. 1340, as reported, were similar in their intent, Mr. Speaker, and that intent was primarily to put into law requirements that will remedy the shortcomings of the existing system for distribution commodities to schools, child care providers, elderly nutrition sites, and other recipient agencies defined under the bill.

But before elaborating on the provisions in the bill before the House, it is important to state that the major difference between the Agriculture Committee reported bill, and the substitute being considered today is that where the Agriculture Committee bill required the Secretary of Agriculture to comply with the reforms in the bill only to "the extent practicable," the Education and Labor Committee bill set definite dates by which USDA must have complied with its provisions.

The very substantial requirements we impose upon the Secretary are—

To improve the manner in which agriculture commodities are acquired, and the manner in which they are distributed to receiving agencies;

That such commodities that are donated be sent in a timely manner, so that recipients can plan ahead for their use, their pickup and delivery, and their storage; this is particularly important to schools;

That the quality of the commodities donated be of highest quality, and in good condition upon receipt and, if they are not, that steps be taken to immediately replace them;

That the Secretary take into account receipient needs with regard to product acceptability through field testing;

That recipient needs with regard to package size and forms be taken into account, and that options be made available whenever possible;

That commodities provided to recipients are consistent with current USDA dietary guidelines, and those of the Secretary of HHS with regard to nutrition for Older Americans;

That fees charged by State distribution agencies be set, using mandatory Federal criteria, so that excessive fees for delivery and storage of commodities are not charged to local recipient agencies,

To assure that Thanksgiving turkeys arrive before Thanksgiving, rather than in January or February the following year;

That huge quantities of commodities are not delivered to schools just before summer vacation, requiring expensive storage over 3 months;

To require that commodities delivered to schools be those that contribute to USDA required meal pattern guidelines, and if they do not, that they not be charged against recipient's 12 cents per meal served;

That the Secretary send commodities in other than railcar lots except under conditions outlined in the act;

That the Secretary monitor the condition of commodities stored by and for the Secretary, to assure they are maintained in a state of highest quality, and not become stale or spoiled;

That the Secretary, in developing commodity specifications, in keeping with dietary guidelines, provide recipients with the fat, salt, and sugar content, and to reduce the content in those commodities to the extent practicable;

That State distribution agencies evaluate their warehousing and distribution systems to assure cost effectiveness and efficiency;

That States be required to offer the full value of entitlement commodities to recipient agencies, and that they also must offer local school food authorities the full range of commodities available to it;

That States consider recipient agency ability to cope with quantities of commodities delivered, and assure that they have the capability of using and storing those commodities;

That recipient agencies use funds available for meal service to "Buy American" to assure that only food produced in the United States is purchased with our food dollars;

Mr. Speaker, the Education and Labor Committee has heard, for many years, the complaints of our school lunch authorities and the Older Americans Act recipient agencies.

At a recent committee hearing in Iowa, receiving testimony from representatives of Older Americans nutrition programs, Ms. Jean Beatty, direc-

tor of the Area Agency on Aging of North Central, Iowa stated:

I hope that Congress continues to make the food option available to the nutrition program to the elderly, that we can be offered a greater variety of food, and that the USDA will lower their specifications for salt, sugar and fat in the processing of the foods we receive * * * we receive comments from the elderly themselves about the salty flavor of the canned vegetables, and the turkey roll, particularly. Lowering the sodium content of these products would be of benefit to all our diners, especially to those with hypertension.

We have a requirement in the bill that requires the Secretary to deliver commodities at other than rail-sidings, except under certain conditions.

In explaining why, let me quote from Ms. Beatty's testimony out in Iowa, in response to the claim by the USDA witnesses at the hearing that the Nutrition Program for the Elderly often refused commodities: She said:

Part of it is the requirement that the commodities have to come into the state in full carloads for NPE. And so as fewer and fewer of the agencies were receiving commodity foods, there were fewer and fewer of us that had to share this carload requirement. And then it gets to the point, do you want a carload of a particular item, or none at all. And sometimes the answer is none at all, thank you very much.

As we have recently learned, nearly 97 percent of the aging nutrition programs receive all cash, in lieu of commodities. And they do so because: First, of the high salt, fat, and sugar content in those commodities; and second, because they have to order in railcar lots rather than by the truckload—and they can neither use it nor store it inexpensively—so they either do without or they take the cash and buy food for their elderly participants on the local markets.

This is also true of school food authorities. They are very fed up with being a dumping ground for whatever the Secretary of Agriculture believes they ought to receive—with no thought given as to its acceptability among persons eating the meals, and no thought given to the people who have to pay to have railcars full of commodities picked up and delivered to nutrition sites—or to warehouses where storage costs, are in many States, outrageously high.

Mr. Speaker, while I understand the need of the Agriculture Committee, and by extention the Department of Agriculture, to give precedence to their role of removing surplus agriculture commodities from the marketplace and keeping up price supports, the Education and Labor Committee must also emphasize the need to protect those who are on the receiving end of those commodity purchases—the schools, the child care centers and family day care providers, the older Americans and nutrition sites.

We have tried, and I believe we have succeeded, in making this bill fit the dual objectives that these programs ought to strive for—

The removal of surplus commodities and for purposes of farm price supports; and

The feeding of the Nation's schoolchildren, its preschool children, and its elderly, through provision of nutritious agricultural commodities and their products.

While the U.S. Department of Agriculture must, by law, use section 32 and section 416 funds for removal and farm price supports, it must be recognized and taken into account here and now that without our school system—16,000 school districts in the United States which served 3.9 billion meals in fiscal year 1985—and numerous child care provider settings and elderly congregate and home-delivered meal participants—there would be no outlet for these surplus commodities, or items purchased for purposes of price supports. They would be rotting in the fields.

But for 52 years, the USDA has paid more attention to its role of surplus removal and price support then it has to providing quality commodity products to their outlets—the schools and other recipient agencies.

Under H.R. 1340 which is before us today, that dual objective is codified into law—we intend to do both, and we intend that USDA and State distribution agencies be mandated to comply with the reforms contained in the legislation—and to comply quickly and in a manner that will significantly improve the commodity distribution system in effect nationwide today.

□ 1310

Mr. Speaker, it is important to point out one major difference in the bill and also important to say on behalf of the Committee on Education and Labor that we appreciate the fine cooperation that we have had from the chairman of the Committee on Agriculture and the Agriculture Subcommittee and the ranking Republican members, the chairman of the Subcommittee on Agriculture, Mr. PANETTA, who with his staff has worked many hours with our staff putting together the compromise as he described it that comes to us today on the floor. This represents the best effort of the people on both committees to accommodate all of our concerns. While, like all compromises, it does not give everyone everything they would like to have, I believe, as Mr. PANETTA indicated, it is a good compromise and worthy of the support of the House.

The only real major difference between the Committee on Education and Labor approach and the Committee on Agriculture bill in its original form was that the agricultural bill asked the Secretary of Agriculture to make changes in the commodity distribution system to the extent practicable. The bill before us goes much further than that and places very substantial requirements upon the Secretary to do a number of items enumerated in the legislation. I will not go into those at this time.

Mr. Speaker, I reserve the balance of my time.

Mr. EMERSON. Mr. Speaker, I reserve the balance of my time.

Mr. GOODLING. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I do want to engage in a colloquy a little later but first of all I think a little history lesson might be good. I would like to read the act and the declaration of policy. It seemed to be reversed every time I heard it mentioned here today and I would like to correct that for the record.

Section 2:

It is hereby declared to be policy of Congress as a measure of national security to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other foods.

Again, you have heard the order in which this was presented. This is the way it has always been.

So I want to correct the record, because I have heard it repeated several times now today in reverse order.

For years, 17 before I came here as an administrator and 13 since I have been here, I had seen the problems of commodity distribution and we have heard over and over again from the people who are doing the School Lunch Program and the Child Nutrition Program back in the districts, of all of the problems and they recite them year after year after year.

However, they will say then, at the end, "Don't change anything because if you have money out there instead of commodities the Congress may take that money away from us and they can't take the commodities away."

That is not the way it happened in 1981, folks. They discovered that that was not true at all, as a matter of fact. They lost commodity money.

Was that not a shock to them?

All I want to point out is if the American public ever knew the amount of money involved in trying to make these distributions, they would rise in outrageous—whatever—because in many instances you buy and then you store and then you shift to the State and they store and then you shift to the local school district. Now they cannot take care of 50 pounds of frozen hamburger so they have to send it out someplace to store it. Then when they want to use it they also have to send it out and have it reprocessed so they can use it.

So for years and years and years we have been trying to find a way to improve food distribution. As someone said in our hearings, it does not matter

which administration, it does not get any better. It is getting better now. Why is it getting better? Because for the first time in the history, the Department now has a little competition, because you authorized some program where you said you could either take cash or you could have a commodity letter of credit.

Let me talk about commodity letter of credit.

What could be any better if you want to move surplus commodities or commodities that you think are going to be a glut on the market than a commodity letter of credit? Why is it so great?

First, it is controlled by the Secretary of Agriculture. They cannot take it and go buy what they want to buy; they can only buy what he says they can buy. That is one.

So he takes care of any surpluses or anything he perceives that is going to be a glut on the market.

Second, they can buy locally and take that surplus away before it ever becomes a storage item. And it does not have to be reprocessed in most instances. So you get the best of all worlds there.

Now cash, cash is something that has been going on a long time. Is it not amazing we have one State in this Union that does this totally different than any other State?

The State of Kansas many years ago decided that "We are not going to have any distribution program anymore, we are going to get rid of that whole mess. As a matter of fact, we are going to get out of it."

So what happens? Well, as the good Senator said, "Well, I think the Government then ought to give us cash in lieu of those commodities that we don't want to bother with." And somebody over here in the House must have traded something off, I do not know, and said, "We will help you get it."

So the State of Kansas gets their bonus commodities and then they get cash for everything else—only one State. But the commodity letter of credit—I do not see how you can do a better job of taking care of surplus than having a commodity letter of credit.

Let me say that the bill as it originally came in my estimation did not do anything more than the Secretary can presently do. However, he seemed to think he needed additional authority so I have no problems with that, even though as I said I do not think it does anything any different, the original bill, than what he now has the power to do.

But I am happy to support the compromise that we have. I think it will take care of both the need to improve nutrition on the one hand and, on the other hand, to take care of the excess commodities that we have.

You have to understand the program. Everybody gets the surplus commodities; no matter what program you are under you all get the bonus commodities. We are really not talking about those.

We are talking about those that the Secretary goes out and purchases and then tries to distribute through a horrible distribution program. And sometimes I think the school food service is linked up somehow or other with the distribution people—they get in bed together, as I sometimes think lobbyists are lobbying from all different angles and representing and probably getting much more money than any of us in the Congress of the United States get because I guess they have more accounts.

Let me say that I rise in support of what we have come up with as a compromise.

Mr. Speaker, I rise in support of H.R. 1340, the Commodities Distribution Reform Act of 1987. This bill which has been under the supervising eyes of two committees of jurisdiction contains a good compromise which balances the agricultural removal programs with those of providing a nutritious meal to schoolchildren, the elderly, and the needy. I applaud the committee members and their work in arriving at a bipartisan compromise. This substitute contains not only improvements to the commodity distribution system but contains an extension of the current existing cash and CLOC programs. For years we have heard the continuous complaints and chronic problems about the distribution system involved in getting foods to the local recipient.

Our intent in this substitute is to grant the Department of Agriculture the statutory authority, which they believe they do not have and yet need to improve the program. We, therefore, are not only giving them this authority but are giving them a mandate to use that authority in a timely manner. We are serious about these changes. We have relaxed the time lines in order to allow for meaningful comment to regulations which we expect the Department to implement. Maximum public comment will ensure the best promulgated regulations.

There exists a vital link between the State and Federal agencies. We expect States, as we expect the Department, to make reforms. Each State should make complementary reforms so that we can proceed, knowing all has been done to make a complicated program work better.

An important aspect of this bill is the pilot project extension. Even though we commend the Department for recent changes to improve the program, I believe the pilots should be given credit for the serious reform of the commodity distribution program taken recently by the Department. The competition of alternatives is forcing the Department to perform better. These programs are not designed to dismantle the commodity removal programs, but are alternatives to the current distribution method of those commodities available. The bottom line is still removal no matter the method; then, using the surplus to feed people.

Since the current commodity distribution program applies to everyone except the 64 pilots and the State of Kansas, it has the greatest impact on the most number of youngsters; therefore, we intend the commodity program to work and work well. However, if the interested groups including the Department do not greatly improve the program with these legislative changes, I am reserving the right to revisit offering the CLOC option to all local agencies.

Again, I rise in support of this bill and urge my colleagues to join me in support of its passage.

I would like to engage in a little colloquy very quickly, if we could have it with the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from California [Mr. PANETTA].

Mr. PANETTA. I thank the gentleman for yielding.

Mr. Speaker, in striking section 2(j), it is our understanding that the Department will continue its current distribution procedures to the National School Lunch, Child Nutrition, and Older Americans Act Programs in terms of bonus and entitlement commodities.

Specifically, we expect the Department to charge as an entitlement commodity only those items that contribute to the meal patterns established by the Secretaries of Agriculture and Health and Human Services.

Moreover, flour, shortening, and vegetable oil should be charged against entitlement to the extent that they are used in such a fashion as to satisfy relevant meal patterns.

We expect the USDA to continue to supply as bonus commodities those items which it is currently purchasing and distributing in that fashion.

Mr. GOODLING. Mr. Speaker, I might add we in no way intend the USDA to charge against entitlement any of those items which do not meet meal pattern requirements since the Secretary determines what the meal pattern is in the first place. Otherwise the child would be paying for the commodity support and that should not be. For example, in the National School Lunch Program we do not expect them to charge against commodity entitlement; potato chips, although we produce a lot in my district, corn curls, banana chips, pickle relish,

tomato ketchup, which we went through a couple of years ago, chili sauce, pretzels, chips, and similar grain items. Is that the way the gentleman understands it?

Mr. PANETTA. If the gentleman would yield further, that is my understanding that they will, as they have, implement current practice and current practice should be as prescribed.

Mr. GOODLING. I thank the gentleman for yielding me this time.

Mr. EMERSON. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in support of this bipartisan effort to improve the quality and the efficiency of the Department of Agriculture's commodity-distribution program. I commend the gentleman from California [Mr. PANETTA], the gentleman from Pennsylvania [Mr. GOODLING], and the ranking member, the gentleman from Missouri [Mr. EMERSON], for their leadership in bringing this important measure before us today.

The USDA's program acquires and distributes surplus agricultural products to stabilize markets and benefit the needy. In the past I have received a number of complaints from constituents on the fairness and efficency of the distribution of goods from this program. The legislation before us requires States to evaluate their systems for warehousing and distributing commodities. Moreover, the USDA will be required to monitor State distribution agency operations, provide information of the types and quantities of the goods to be distributed and to promulgate regulations governing delivery schedules. Hopefully, the flaws in this well-intentioned program will be fully recognized through this evaluation, and steps can then be taken to correct them.

H.R. 1340 makes several other changes in the program. It will clarify State and Federal responsibilities with regard to the provision of donated commodities to recipient agencies. The USDA has conducted a pilot program exploring two alternatives to the present distribution scheme. Both replace the value of commodities with cash assistance or commodity letters-of-credit (vouchers allowing school districts to purchase designated commodities). These exploratory efforts will continue through the 1991-92 school year.

In addition, other new avenues toward improving the program will be explored. The USDA will be required to set up at least one community foodbank demonstration project while continuing and increasing distribution through established food banks. The USDA must also develop standards with which to measure the projects effectiveness and submit annual reports to Congress on each project. Furthermore, recipient agencies will be required to "buy American" agricultural products whenever possible.

Mr. Speaker, malnutrition need not and should not be tolerated in this country. Accordingly, I urge my colleagues to join in supporting this very sensible and appropriate legislation.

Mr. FORD of Michigan. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BIAGGI. Mr. Speaker, I rise today in support of H.R. 1340, the Commodity Distribution Reform Act, as approved by the House Education and Labor Committee. This legislation is a meaningful step forward in ensuring that the commodities given to our school children and our elderly are of the highest quality and in the form most useable to the population served.

For many years, the Department of Agriculture has been hearing complaints about the commodity distribution program. These complaints have ranged from flour arriving in sacks too heavy for cafeteria workers to lift, to hamburger in packages too large to use in one meal, thus resulting in spoilage. These complaints have included bugs in rice packages, foreign matter and stems in bean cans, peanut butter that wouldn't spread and cheese that wouldn't melt. While I recognize that the Department of Agriculture is moving to eliminate these problems, I feel that this movement has been much too slow.

H.R. 1340 simply gives the Department deadlines before which they must comply with certain quality-ensuring provisions, as well as the authority to reform the commodity distribution program. This legislation also includes requirements that the Department set up an advisory council to assist in reforming the commodity distribution program and conduct a survey of the recipient agencies to determine the best package sizes and forms for the commodities.

I commend my dear friend and colleague, BILL FORD, for his leadership in this effort. Our Nation's schoolchildren and senior citizens can look forward to better quality food through his efforts.

I urge my colleagues to join me in voting for this vital legislation. Our Nation's children and elderly deserve the highest quality food. H.R. 1340 takes important steps toward ensuring this goal.

Mr. DE LA GARZA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to thank once again all who have worked to make this bill possible.

I extend my appreciation to all of them.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas [Mr. DE LA GARZA] that the House suspend the rules and pass the bill, H.R. 1340, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read "A bill to improve the distribution procedures for agricultural commodities and their products donated for the purposes of assistance through the Department of Agriculture, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 1340, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

CHRISTOPHER COLUMBUS QUINCENTENARY JUBILEE ACT AMENDMENTS

Mr. GARCIA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2309) to amend the Christopher Columbus Quincentenary Jubilee Act, as amended.

The Clerk read as follows:

H.R. 2309

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REFERENCES.

Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Christopher Columbus Quincentenary Jubilee Act (Public Law 98-375; 98 Stat. 1257).

SEC. 2. ADDITIONAL NONVOTING PARTICIPANT.

Section 3(c) is amended—

(1) by inserting "(1)" after "(c)"; and

(2) by adding at the end the following:

"(2)(A) For purposes of this paragraph, the term 'country or other political entity' means any country or territory or successor political entity listed under section 212(b) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2707(b)).

"(B) In addition to the individuals under paragraph (1), the President is authorized and requested to invite the government of any country or other political entity recommended under subparagraph (D) to appoint 1 individual to serve as a nonvoting participant under this paragraph.

"(C)(i) Not more than 1 country or other political entity may be represented under this paragraph at any time, and, except as provided in clause (ii), the term for which any such country or other entity may be so represented shall be 1 calendar year, beginning with calendar year 1988.

"(ii) In the year in which the Commission terminates, the term of appointment under this paragraph shall end on the Commission's termination date.

"(D) The Commission shall submit to the President, on an annual basis, the name of any country or other political entity which the Commission considers appropriate, except that—

"(i) no country or other political entity may be represented under this paragraph more than once; and

"(ii) the first country to be recommended under this subparagraph shall be the Bahamas, which was the first place where Columbus landed in the course of his voyages of exploration.".

SEC. 3. OFFICIAL REPRESENTATION EXPENSES.

Section 6 is amended by adding at the end the following:

"(f) In carrying out any functions or duties with respect to representatives of foreign governments, the Commission may, out of amounts available under section 7(a), expend not to exceed $7,500 in any calendar year.".

SEC. 4. INCREASE IN MAXIMUM DONATIONS ALLOWABLE.

Section 7(a) is amended to read as follows:

"(a) The Commission may accept donations of money, property, or personal services, except that—

"(1) the aggregate amount of any donations which may be accepted from an individual in any year may not exceed $250,000; and

"(2) the aggregate amount of any donations which may be accepted from a foreign government, corporation, partnership, or other person (other than an individual) in any year may not exceed $1,000,000.".

SEC. 5. APPOINTMENT OF STAFF.

Section 8(b)(1) is amended to read as follows:

"(1) appoint and fix the compensation of such additional personnel as it deems advisable, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that—

"(A) not to exceed 20 staff members appointed under this paragraph may be paid out of amounts available under section 11, and any individual appointed to a position funded in such manner may not be paid at a rate in excess of the rate for grade GS-18 of the General Schedule; and

"(B) any other staff member appointed under this paragraph may be paid out of amounts available under section 7(a), and any individual appointed to a position funded in such manner—

"(i) shall be so designated at the time of such individual's appointment; and

"(ii) shall not be considered an employee of the United States other than for purposes of—

"(I) chapter 81 of title 5, United States Code, relating to compensation for work injuries;

"(II) chapter 11 of title 18, United States Code, relating to bribery, graft, and conflicts of interest; and

"(III) chapter 171 of title 28, United State Codes, relating to tort claims.".

SEC. 6. ADVISORY COMMITTEE MEMBERS.

Section 9(b) is amended—

(1) by inserting "(1)" after "(b)";

(2) by inserting ", except as provided in paragraph (2)," after "compensation, and"; and

(3) by adding at the end the following:

"(2)(A) Persons appointed to advisory committees under section 8(b)(2) may, while away from their homes or regular places of business in the performance of services for the Commission, be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons employed intermittently in Government service.

"(B) Any amount payable under subparagraph (A) shall be paid out of amounts available under section 7(a).".

SEC. 7. OFFICIAL LOGO.

(a) IN GENERAL.—Section 10 is amended—

(1) by amending subsection (a) to read as follows:

"(a)(1) For the purpose of this section, the term 'Christopher Columbus Quincentenary Logo' means the symbol or mark designated by the Commission for use in connection with the commemoration of the quincentennial of the voyages of discovery of Christopher Columbus.

"(2) The Commission may, in accordance with rules and regulations which the Commission shall prescribe, authorize the manufacture, reproduction, use, sale, or distribution of the Christopher Columbus Quincentenary Logo.

"(3) The rules and regulations under paragraph (2) shall include provisions under which—

"(A) fees may be charged for any authorization under this subsection (including circumstances under which any such fee may be waived);

"(B) any authorization granted under this subsection shall not be subject to reassignment or transfer without approval by the Commission; and

"(C) any authorization granted under this subsection may be revoked or otherwise terminated.

"(4) Amounts charged under paragraph (3)(A) shall be available to the Commission.";

(2) in subsection (b)—

(A) by striking "or uses any such logos, symbols, or marks, or any facsimile thereof, or in such a manner as suggests any such logos, symbols, or marks," and inserting in lieu thereof "uses, sells, or distributes the Christopher Columbus Quincentenary Logo"; and

(B) by striking the second sentence thereof; and

(3) by adding at the end the following:

"(c)(1) Notice of designation under subsection (a)(1) shall be published in the Federal Register.

"(2) Any rules and regulations under subsection (a), and any penalty under subsection (b), shall apply only in the case of any symbol or mark for which the Commission publishes notice of designation under paragraph (1).".

(b) SAVINGS PROVISIONS.—(1) All rules and regulations issued by the Christopher Columbus Quincentenary Jubilee Commission in connection with section 10 of the Christopher Columbus Quincentenary Jubilee Act (as in effect before the enactment of this Act) shall continue in effect, according to their terms, until modified, terminated, superseded, or repealed by the Commission.

(2) No suit, action, or other proceeding lawfully commenced before the amendments made by subsection (a) become effective shall abate by reason of the enactment of this Act. Determinations with respect to any such suit, action, or other proceeding shall be made as if this Act had not been enacted.

SEC. 8. TERMINATION DATE.

Sections 11(a), 11(b), and 12(a) are each amended by striking "November 15, 1992" and inserting in lieu thereof "December 31, 1993".

The SPEAKER pro tempore (Mr. GRAY of Illinois). Is a second demanded?

Mrs. MORELLA. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from New York [Mr. GARCIA] will be recognized for 20 minutes and the gentlewoman from Maryland [Mrs. MORELLA] will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York [Mr. GARCIA].

□ 1325

Mr. GARCIA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, 1992 marks the 500th anniversary of Christopher Columbus' landing in the New World.

In 1984, Congress established the Christopher Columbus Quincentenary Jubilee Commission and charged it with the responsibility of preparing a comprehensive program for the commemoration of Christopher Columbus' voyages of exploration.

H.R. 2309 was introduced by my distinguished committee colleague, Mr. DE LUGO, to enable the Christopher Columbus Commission to raise adequate funds from the private sector, to underwrite appropriate ceremonies for the quincentenary.

The need for increased funding arose from the recognition of the significance of the 1992 event and the Commission's desire to maximize the participation of Americans from all ethnic and racial groups.

The bill, as amended also would acknowledge the historical reality of Christopher Columbus' landing in the New World, by adding a third nonvoting member to the Commission. This member would be a representative from a Caribbean country and would join members from Spain and Italy who are already on the Commission, in recognition of their historical ties to the explorer.

I wish to note that the Congressional Budget Office has reviewed H.R. 2309 and estimates that enacting this legislation would result in no net additional costs to the Federal Government and no cost to State or local governments.

Mr. Speaker, as a member of the Subcommittee on Census and Population, I support this bill and commend the efforts of the sponsor, Mr. DE LUGO.

I therefore urge passage of H.R. 2309, and I reserve the balance of my time.

Mrs. MORELLA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2309 to amend the Christopher Columbus Quincentenary Jubilee Act. Public Law 98-375 established a Commission charged with preparing a comprehensive program for commemorating the voyages of Christopher Columbus in 1492. The year 1992 marks the 500th anniversary of those voyages.

The Commission is currently authorized Federal appropriation of $220,000, which will continue through 1992. The legislation now being considered does not request any additional appropriations. H.R. 2309 will enable the Commission to raise the private funds necessary to develop a proper commemoration without asking the Federal Government for additional funds.

The major provision of H.R. 2309 would raise the limitations on individuals and corporate donations and permit a broader and more effective use of the Commission's logo.

The proposed technical amendments would: Raise the limitation on individual and corporate donations to annual caps of $250,000 and $1 million, respectively; permit a broader and more effective use of the Commission's logo; provide a distinction between publicially paid staff and staff paid from private donations; eliminate the ceiling placed on the number of detailees to the Commission from other Federal agencies; permit the payment of some commission-related expenses for such expert advisers; permit an allowance of $7,500 for expenses relating to the hosting of representatives of foreign governments; and extend the life of the Commission to December 31, 1993 in order to allow for the appropriate celebration of the second voyage of Columbus.

The last provision of this would authorize the Commission to recommend annually to the President a representative of a Caribbean country to serve as a nonvoting member of the Commission.

The amendments would not affect the present authorization in any way since all additional funds must be raised through private donations.

Mr. Speaker, as I have reviewed this bill, I find more and more reason to support it. Not because I'm of Italian ancestry and am proud of my ancestry, as we all are, but I believe that in addition to recognizing this man who was willing to forge ahead with his convictions, celebrating the quincentennial of Christopher Columbus' voyage to discover the Indies is symbolic of the adventurous spirit of all those who crossed oceans and traversed overland to reach an area where they could set up a form of government where we can live in harmony in spite of diversity, of ethnicity, culture, religion, or background. This bill allows us to recognize the creative, the adventurous, and our country where we practice our convictions and live in peace. The bill recognizes our Nation's cultural history.

Mr. Speaker, I urge my colleagues to join me in supporting this legislation.

Mr. DE LUGO. Mr. Speaker, I rise in support of H.R. 2309 which amends the Christopher Columbus Quincentenary Jubilee Act that was passed during the 98th Congress.

In brief, H.R. 2309 will help the Commission, which currently operates on a staff of only three, to increase its staffing and fundraising capabilities; and will extend the life of the Commission through December 31, 1993, to accommodate for Columbus' second voyage.

This last point is of particular interest to me and to my colleague, the Resident Commissioner of Puerto Rico, since it was on his second voyage in 1493 that Columbus landed in Salt River on St. Croix in the U.S. Virgin Islands, and on Puerto Rico. This is significant because these two locations are the only landing sites of Columbus under the U.S. flag.

After Columbus' historic visit almost 500 years ago, the Virgin Islands became a frontier of the Old World in the new and were caught up in all the tidal changes which swept over the entire world in the intervening centuries.

Now the U.S. Virgin Islands stands tall among her West Indian friends and family, a bastian of American democracy in the Caribbean. We continue to be a link between nations and people, and time and history, and we are proud to take an active role in the worldwide commemoration of the voyages of Columbus.

I must commend Mr. John Goudie, Chairman of the National Columbus Commission, and his staff for their excellent progress in seeing that the celebration will be a success.

I also wish to thank my colleagues from California, chairman of the Subcommittee on Census and Population, and my good friend from Michigan, chairman of the Postal Committee, for their expeditious handling of this bill, and their staff for their cooperation and assistance.

Mr. RODINO. Mr. Speaker, I rise in strong support of H.R. 2309, to amend the Christopher Columbus Quincentenary Jubilee Act. For a variety of reasons, both symbolic and operational, I believe that it is incumbent upon us to pass H.R. 2309 and, in so doing, to reaffirm our commitment to a proper celebration of the 500th anniversary of Columbus' voyage.

The Quincentenary of the Columbus expedition merits comprehensive and tasteful commemoration for many very important reasons. First, Columbus' voyage and landfall on what is now the Bahamian Island of San Salvador, mark the opening chapter in the history of this great Nation, and the proper commemoration of this event is important to the Nation's continuing awareness of its origins and evolution.

Moreover, I believe that Columbus' expedition represents something beyond an important historical event: it highlights the irrepressibility of the human spirit, which I believe is the very foundation of this Nation. Columbus embarked on his historic voyage in spite of the fact that its aims flew in the face of one of the basic truths of his day: the belief that the world was flat. According to the limited knowledge of the time, Columbus and his expedition would sail a short while to the edge of the Earth and fall off into oblivion. Columbus believed in his heart that this belief was too simplistic to be accepted. He chose instead to believe the old sailor stories telling of exotic lands, open spaces, and unfathomable riches and beauty.

This country, which is justifiably proud of its frontier origins and spirit, should properly salute Columbus as not only the original, but the very definition of the frontiersman. It is that spirit of following one's intuition in spite of the conventions and skepticisms of the times, and the willingness to venture into the unknown and endure great hardships in the pursuit of expanding the breadth of human knowledge and experience, which is the very essence of this Nation. Columbus' voyage is manifestly important in both historic and symbolic terms, and I believe that there is little question that a commission vested with the proper funding and powers will sponsor a celebration which benefits something as momentus as the 500th anniversary of Columbus' voyage to the New World.

Let me now discuss why I believe H.R. 2309 will go a long way toward our goal of having a tasteful and circumspect observance of the event. As the original sponsor of the bill creating the Quincentenary Jubilee Commission, my goal has always been to have a coordinated, informative, and meaningful observance of the Columbus landfall. I have no doubt that the Commission is committed to plan the commemoration without compromising the solemnity of the occasion. However, it has become clear that the Commission is being hamstrung by the donation ceiling and the narrowness of its authority. It is important that the Commission receive donated funds and authority to carry out the mandate of the original law. There is even concern that the United States may be unable to fulfill its share of what will be a four country collaboration, with the addition of the Bahamas. This must not come to pass. Finally, since the bill is budget neutral, it ensures that the cost of a proper celebration will not be shouldered by the American taxpayers.

As the original sponsor of the Christopher Columbus Quincentenary Jubilee Act, I have a great personal interest in the quality and solemnity of the event, and I am confident that passage of H.R. 2309 will help to bring about a celebration in which we can all take pride.

Mrs. MORELLA. Mr. Speaker, I yield back the balance of my time.

Mr. GARCIA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. GRAY of Illinois). The question is on the motion offered by the gentleman from New York [Mr. GARCIA] that the House suspend the rules and pass the bill, H.R. 2309, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

OSCAR GARCIA RIVERA POST OFFICE BUILDING

Mr. GARCIA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1948) to designate the U.S. Post Office Building located at 153 East 110th Street in New York, NY, as the "Oscar Garcia Rivera Post Office Building."

The Clerk reads as follows:

H.R. 1948

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Post Office Building located at 153 East 110th Street in New York, New York, is hereby designated as the "Oscar Garcia Rivera Post Office Building". Any reference to such building in any law, rule, map, document, record, or other paper of the United States shall be considered to be a reference to the "Oscar Garcia Rivera Post Office Building".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New York [Mr. GARCIA] will be recognized for 20 minutes and the gentlewoman from Maryland [Mrs. MORELLA] will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York [Mr. GARCIA].

Mr. GARCIA. Mr. Speaker, I yield myself such time as I may consume.

I would first like to take this opportunity to thank my colleague, MICKEY LELAND, chairman of the Subcommittee on Postal Operations, and ranking minority member FRANK HORTON. I would also like to express my thanks to Chairman BILL FORD and ranking minority leader GENE TAYLOR of the full committee. My colleague CHARLIE RANGEL was inadvertently left off as sponsor of this bill, but has expressed his support. I appreciate that.

This bill is to rename the Hell Gate Post Office Building located at 153 East 110th Street, New York, NY, to the Oscar Garcia Rivera Post Office Building.

The late Mr. Garcia Rivera was the first Puerto Rican elected to public office in the United States. He served in the New York State Legislature from 1938 to 1940 representing the 17th Assembly District. Mr. Garcia Rivera was not only the first Puerto Rican elected in the United States, he was also one of the first successful Latino civil rights leaders in the State. He was instrumental in the passage of antidiscrimination legislation which prohibited discrimination on the basis of national origin, race, or creed, against persons who applied for State jobs. He also sought strong legislative protection for the working people from exploitation of the workplace. He is further credited with the establishment of the Hot Meals Program in the public school system of New York.

From his little law office over the Woolworth discount store on Fifth Avenue and 115th Street, Oscar Garcia Rivera continued to inspire Puerto Rican Americans to continue to represent themselves in the legislative process.

Mr. Speaker, I believe this bill, which marks the 50th anniversary of his election, would serve as an inspiration to the young and future generations of Puerto Rican and Hispanic leaders. I reserve the balance of my time.

Mrs. MORELLA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I also rise in strong support of H.R. 1948 to designate the U.S. Post Office Building located at 153 East 110th Street in New York City as the "Oscar Garcia Rivera Post Office Building."

Mr. Rivera, a Republican, was elected to the New York State Legislature in 1937. He was the first Puerto Rican elected in the continental United States. That historical election was won by a margin of 2,580 votes. Due to Mr. Rivera's tireless efforts in civil rights and antidiscrimination legislation Puerto Ricans today have become a powerful voice in both the New York State and Federal legislative process.

Oscar Garcia Rivera is also credited with the establishment of the Hot Meals Program in the public school system in New York.

A successful union organizer who was endorsed by the American Labor Party, Mr. Rivera practiced law in New York until 1967 and returned to Mayaguez, Puerto Rico where he died in 1968.

Oscar Garcia Rivera was truly an outstanding individual who championed many issues long before they were politically popular and in the early 1930's was an active labor organizer with the U.S. postal clerks union.

Mr. Rivera was a great American who fought for the rights not only for his fellow Puerto Ricans but all persons who we oppressed and discriminated against.

Mr. Speaker, I urge my colleagues to join me in support of the resolution.

Mr. GARCIA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would just like to say to my colleague from Maryland that she is absolutely right, that Oscar Garcia Rivera was indeed a Republican, he was elected as a Republican and she in her statement made it quite clear there were certain parts, certain biographical material that I did not realize. I did not realize that he was an organizer for the postal workers.

I think it is appropriate that a postal building be named after him. So I thank my colleague from Maryland [Mrs. MORELLA] for her research on Oscar Garcia Rivera.

Mr. RANGEL. Mr. Speaker, I rise in strong support of H.R. 1948, a bill to rename the Hell Gate Post Office Building at 153 East 110th Street as the Oscar Garcia Rivera Post Office Building. As the representative from the 16th Congressional District of New York, I am keenly aware of the good works of Mr. Rivera, and feel this honor is long overdue.

Fifty years ago, Oscar Garcia Rivera was the first Puerto Rican elected to the New York State Assembly. A revered leader in the New York Hispanic community, he served in the forefront of the fight for latino civil rights in New York State. His civil rights legislation served as an effective vehicle for providing Hispanic-Americans and other minorities access to employment opportunities that had been denied them for so long. Attempting to fight discrimination at the root of the problem of discrimination, Mr. Garcia Rivera introduced unprecedented antidiscrimination legislation which prohibited bias on the basis of national origin, race, or creed against persons who applied for State jobs.

Oscar Garcia Rivera not only championed the rights of individuals for access to employment opportunities, but he is recognized by many as a friend of the worker. His powerful legislative initiatives established protections for the working people from unusual or unfair treatment in the workplace.

In closing, Mr. Speaker, I would like to add that Mr. Garcia Rivera serves as a role model for us all. As a result of his efforts and undying commitment, the rights of individual citizens were protected. This, Mr. Speaker, is our charge; and it is for this reason that I support this legislation. Mr. Garcia Rivera's legacy must continue to live on in the vanguard of those leaders in political rights, workers' rights and the right for individual freedoms. I hope my colleagues will join me in support of the successful passage of this legislation.

Mr. GARCIA. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York [Mr. GARCIA] that the House suspend the rules and pass the bill, H.R. 1948.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on H.R. 2309 and H.R. 1948, the two bills just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT AMENDMENTS

Mr. MILLER of California. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2629) to amend the Alaska National Interest Lands Conservation Act of 1980 to clarify the conveyance and ownership of submerged lands by Alaska Natives, Native Corporations, and the State of Alaska, as amended.

The Clerk read as follows:

H.R. 2629

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SUBMERGED LANDS

SEC. 101. Section 901 of the Alaska National Interest Lands Conservation Act (94 Stat. 2430; P.L. 96-487) is amended by striking out text of such section and inserting in lieu thereof:

"SEC. 901. (a)(1) Except as provided in paragraph (2), whenever the Secretary surveys land selected by a Native, a Native Corporation, or the State pursuant to the Alaska Native Claims Settlements Act, the Alaska Statehood Act, or this Act, lakes, rivers, and streams shall be meandered in accordance with the principles in the Bureau of Land Management, 'Manual of Surveying Instructions' (1973).

"(2) If title to lands beneath navigable waters of a lake less than fifty acres in size or a river or stream less than three chains in width did not vest in the State pursuant to the Submerged Lands Acts, such lake, river, or stream shall not be meandered.

"(3) The Secretary is not required to determine the navigability of a lake, river, or stream which because of its size or width is required to be meandered or to compute the acreage of the land beneath such lake, river, or stream or to describe such land in any conveyance document.

"(4) Nothing in this subsection shall be construed to require ground survey or monumentation of meanderlines.

"(b)(1) Whenever, either before or after the date of enactment of this section, the Secretary conveys land to a Native, a Native Corporation, or the State pursuant to the Alaska Native Claims Settlement Act, the Alaska Statehood Act, or this Act which abuts or surrounds a meanderable lake, river, or stream, all right, title, and interest of the United States, if any, in the land under such lake, river, or stream lying between the uplands and the median line or midpoint, as the case may be, shall vest in and shall not be charged against the acreage entitlement of such Native or Native Corporation or the State. The right, title, and interest vested in a Native or Native Corporation shall be no greater an estate than the estate he or it is conveyed in the land which abuts or surrounds the lake, river, or stream.

"(2) The specific terms, conditions, procedures, covenants, reservations, and other restrictions set forth in the document entitled, 'Memorandum of Agreement between the United States Department of the Interior and the State of Alaska' dated March 28, 1984, signed by the Secretary and the Governor of Alaska and submitted to the Committee on Interior and Insular Affairs of the House of Representatives, and the Committee on Energy and Natural Resources of the Senate, are hereby incorporated in this section and are ratified as to the duties and obligations of the United States and the State, as a matter of Federal law.

"(c)(1) The execution of an interim conveyance or patent, as appropriate, by the Bureau of Land Management which conveys an area of land selected by a Native or Native Corporation which includes, surrounds, or abuts a lake, river, or stream, or any portion thereof, shall be the final agency action with respect to a decision of the Secretary of the Interior that such lake, river, or stream, is or is not navigable, unless such decision was validly appealed to an agency or board of the Department of the Interior on or before December 2, 1980.

"(2) No agency or board of the Department of the Interior other than the Bureau of Land Management shall have authority to determine the navigability of a lake, river, or stream within an area selected by a Native or Native Corporation pursuant to the Alaska Native Claims Settlement Act or this Act unless a determination by the Bureau of Land Management that such lake, river, or stream, is or is not navigable, was validly appealed to such agency or board on or before December 2, 1980.

"(3) If title to land conveyed to a Native Corporation pursuant to the Alaska Native Claims Settlement Act or this Act which underlies a lake, river, or stream is challenged in a court of competent jurisdiction and such court determines that such land is owned by the Native Corporation, the Native Corporation shall be awarded a money judgment against the plaintiffs in an amount equal to its costs and attorney's fees, including costs and attorney's fees incurred on appeal.

"(d) For the purposes of this section, the terms 'navigable' and 'navigability' means navigable for the purpose of determining title to lands beneath navigable waters, as between the United States and the several States pursuant to the Submerged Lands Act and section 6(m) of the Alaska Statehood Act.".

SEC. 102. Nothing in this Act shall amend or alter any land exchange agreement to which the United States is a party, or any statute, including but not limited to the Act of January 2, 1976 (89 Stat. 1151) and section 506(c) of the Alaska National Interest Lands Conservation Act (94 Stat. 2409; P.L. 96-487), that authorizes, ratifies or implements such an agreement.

TITLE II—APPROVAL OF CONVEYANCE IN ANWR

SEC. 201. Section 1302(h) of the Alaska National Interest Lands Conservation Act (94 Stat. 2430; P.L. 96-487) is amended by redesignating the section "(h)(1)" and by adding the following new subsection: "(2) Nothing in this Act or any other provision of law shall be construed as authorizing the Secretary to convey, by exchange or otherwise, lands or interest in lands within the coastal plain of the Arctic National Wildlife Refuge (other than land validly selected prior to July 28, 1987), without prior approval by Act of Congress.".

TITLE III—APPROVAL OF PUBLIC LAND ORDER

SEC. 301. The lands described in Public Land Order 6607 of July 8, 1985 (50 Fed. Reg. 130), comprising approximately 325,000 acres, are hereby included as part of the Arctic National Wildlife Refuge to be subject to and administered in accordance with the provisions of sections 303(2) and 304 of the Alaska National Interest Lands Conservation Act (94 Stat. 2430; P.L. 96-487) and other applicable statutes.

The SPEAKER pro tempore. Is a second demanded?

Mr. YOUNG of Alaska. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California [Mr. MILLER] will be recognized for 20 minutes and the gentleman from Alaska [Mr. YOUNG] will be recognized for 20 minutes.

The Chair recognizes the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

I am pleased to join with my colleague from Alaska [DON YOUNG], in support of H.R. 2629. This bill, which passed out of the Interior Committee by unanimous vote, would accomplish three goals.

First, title I of H.R. 2629 would end the confusion, unfair treatment, and litigation that Alaska Natives and the State of Alaska have endured by virtue of past BLM land conveyance practices. This bill reflects a consensus between Interior, the State, and the Alaska Federation of Natives as to the best resolution of this longstanding problem. I would note for my colleagues that the language is substantially similar to the provisions passed by the House in its version of the Alaska Lands Act in 1979.

Second, title II is intended to ensure that Interior's land exchange agreements related to the Arctic National Wildlife Refuge in Alaska [ANWR] must be reviewed and approved by Congress. This language is essentially the same as H.R. 3008 which I introduced along with Congressman STUDDS and Congressman DON YOUNG.

Third, title III would approve a 325,000-acre addition to ANWR by adopting the same Public Land Order as passed by the House last Congress in House Resolution 419.

Mr. Speaker, this legislation has been worked out in close cooperation with the gentleman from Alaska. I believe that it is fair to say that title I, which deals with so-called submerged lands, is a matter of significance to a good many of Mr. YOUNG's constituents. When I first came to Congress, I was kidded about being relegated to the subcommittee on swamps. Little did I know that, 12 years later, I would be dealing with Mr. YOUNG's rather murky underwater concerns.

I want to spend the remainder of my time discussing this legislation's effect on the Interior Department's proposed "megatrade" proposals.

The question of whether to open ANWR to oil and gas development involves a difficult evaluation of nation-

al energy needs, economic benefits, and environmental concerns.

Many Members, myself included, have reserved judgment on this issue. The Subcommittee on Water and Power Resources, which I chair, has already held four hearings on ANWR and will schedule more in the fall. We intend to be both comprehensive and fair.

Yet many months before the Fish and Wildlife Service's draft ANWR report was complete and before the Secretary's final recommendations were presented to Congress, side negotiations were already underway with selected Alaska Native groups. It is clear that the top policymakers in the Department were long ago convinced that ANWR should be opened and busy thinking of ways to convince the Congress.

The mechanism that the Department developed to leverage the opening of ANWR is by virtue of land exchange with six Alaska Native groups. As the "megatrade" process is designed, the Department would receive 891,000 acres of Native in-holdings within seven different national wildlife refuges in Alaska. In return, the Natives would get 538 million dollars' worth of bidding rights for tracts on the coastal plain of ANWR.

The Natives got something else from the Department. They got the first crack at selecting ANWR tracts during a secret "conditional auction" in an Arlington, VA, hotel on July 9 and 10.

The natives are not playing this game on their own. Each group has oil company partners, including Shell, Arco, Chevron, Standard, British Petroleum, Phillips, Conoco, Exxon, and Texaco.

Why is it that the Reagan administration—whose budget requests for additional park or refuge lands have been nonexistent—and some of the world's largest corporations are suddenly promoting the national interest in acquiring wildlife habitat in Alaska?

The answer lies, in my view, in what the oil companies stand to gain out of this deal. Although their agreements with the native groups are not public, what we know for sure is this:

The oil companies will avoid competitive bidding by virtue of negotiated access to the native private property;

The oil companies will avoid paying rents and royalties that would otherwise go to the State and Federal Governments; and

The oil companies will have the rights to accelerated exploratory drilling in the refuge and acquire data that would effectively preclude other companies from competitive bidding for the remaining tracts.

One can look through the statutes and regulations and nowhere are there procedures for closed door, invitation only auctions of ANWR oil and gas tracts.

In my view, the Alaska Lands Act makes it abundantly clear that the 96th Congress intended the decision on development of ANWR, by virtue of land exchanges or otherwise, to be solely up to Congress.

"Production of oil and gas from the Arctic National Wildlife Refuge is prohibited," the act said, "and no other development leading to production of oil and gas" is allowed "until authorized by an Act of Congress."

The Department has testified, before my subcommittee and others, that they intend, because of political reality, to submit the "megatrade" proposals for review and approval by Congress. At the same time, the Department asserts that it somehow has complete and unilateral authority to trade away ANWR oil and gas tracts, to allow exploratory drilling, and to waive Federal and State rights to bonus bids, rents, and royalties, all without congressional scrutiny or approval.

Mr. Speaker, I do not believe that the Department's position on its authority to administratively execute the ANWR "megatrades" is justified as a matter of law or policy. However, because of the cloud that the "megatrade" process has placed on ANWR deliberations, it is important that we clarify once and for all that any decision regarding the timing or the means of developing ANWR is exclusively up to Congress.

This legislation does not by its terms block the proposed exchanges. Accordingly, I have asked the GAO to look into the 1983 Chandler Lake Agreement, a previously executed ANWR exchange, as well as to scrutinize the current "megatrade" deals. Given the nature of the process to date, the Department has a heavy burden to prove that the "megatrades" are anywhere close to being as good of a deal for the public as they are for the participants.

Mr. Speaker, I include the following article from the Anchorage Daily News, dated July 22, 1987, for insertion in the RECORD.

[From the Anchorage Daily News, July 22, 1987]

AGENCY PROPOSES ANWR LAND TRADE

(By David Whitney)

WASHINGTON.—The U.S. Interior Department has offered to trade 166,000 acres of subsurface lands in the Arctic National Wildlife Refuge for 891,000 acres of Native-owned lands elsewhere in Alaska, according to an outline of the exchange agreements released by the House Interior Committee staff Tuesday.

The proposed exchange involves about five times more acreage in the coastal plain of the refuge than the Interior Department had previously discussed in congressional hearings. The plain has been described as the most promising unexplored area for a major oil find in North America, and oil companies are believed to be helping the Natives choose tracts in the refuge.

Exploration and development would require congressional approval. The land-exchange proposal outraged a key congressman, who said it could jeopardize congressional action to authorize development.

"These exchanges are a cynical attempt to put pressure on the Congress to vote to open the area for oil exploration and production," charged Rep. George Miller, D-Calif., chairman of the Interior water and power resources subcommittee.

"It is inevitable that the oil companies and Native corporations will demand that the Congress rubber-stamp these unauthorized exchanges because millions of dollars have been invested in them," Miller said in a statement opening the panel's fourth hearing on the arctic refuge.

"Those who believe that these unauthorized exchanges will accelerate resolution of the arctic refuge issue are sadly mistaken," Miller said.

"Continuation of these secret practices can only jeopardize any hope for reaching a consensus," Miller said.

Miller said he was ordering an investigation by the General Accounting Office of the land trades, which he said could turn into a major government giveaway to the Natives and the oil companies with whom the Natives are working in concert.

Native corporation officials said they haven't tried to hide their dealings from Congress.

"For Miller to state that negotiations have not been open is to misstate the truth," said George Kriste, executive vice president of Cook Inlet Region Inc., an Anchorage-based Native regional corporation that is a major player in the proposed land swaps.

"We've previously been up on the Hill advising congressmen and senators what the packages were going to look like," said Steve Hillard, CIRI's vice president of resources.

The final details of the land trades were worked out during a three-day closed-door meeting at an Arlington, Va., hotel. The Interior Department is expected to release more details about the exchanges, dubbed "megatrades" by critics, later in the week.

According to the summary of the deal given to Miller's staff by Assistant Interior Secretary William Horn at a briefing late Monday, the exchange involves 111 whole or partial tracts in the coastal plain, 38 of which include suspected oil-rich geologic structures.

The Native lands—holdings within seven national refuges in Alaska—were valued at $538.7 million. The summary said the coastal plain property had a value to the Natives of $538 million.

At previous congressional hearings, the acreage said to be involved in exchange proposals was about 33,000. The 166,000-acre figure surprised some attending the briefing.

"Frankly, we were quite surprised at the amount of land involved," said a committee source.

LAND TRADE: CONGRESSMEN WANTS A CLOSE LOOK AT PLAN TO SWAP ANWR, NATIVE TERRITORY

(By Hal Bernton)

CIRI officials said the size of the proposed trades also surprised them. However, they said the trade represented a "once-in-a-century ability" to consolidate critical Alaska refuge lands under federal control.

They said there has been no attempt to ramrod the trades through Congress. CIRI proposes an environmental study of the trade, including a full public review, according to Kriste. Then, if Congress objects, it doesn't have to approve them.

The administration said it will push for congressional approval of the land trades, although it does not believe such approval is required. Sen. Bill Bradley, D-N.J., has introduced legislation requiring congressional approval, which Miller said he will introduce soon in the House.

If the exchanges were approved, nearly a sixth of the coastal plain will have been turned over to Natives and, through them, to oil companies.

The Arctic Slope Regional Corp. received subsurface rights to 92,000 acres in the coastal plain in 1983 under an agreement in which it traded its ownership of Chandler Lake in the Gates of the Arctic National Park.

That exchange was not submitted to Congress for approval and cleared the way for drilling the only exploratory well in the refuge. Results of that test well are a guarded corporate secret known only to Chevron and British Petroleum companies, which have a contractual arrangement with the regional corporation.

Miller blasted that deal Tuesday as he released documents showing that the 101,272-acre Chandler Lake property had a net value of about $5.9 million. Other documents he released showed that the estimated mineral value of the 92, 160-acre tract corporation received in the arctic refuge was $388.5 million.

"The Chandler Lake exchange, conceived in private and executed without congressional scrutiny, constitutes a $382 million gift to one Native corporation and their oil company partners," Miller said.

"The Chandler Lake exchange raises many questions, not the least of which is (whether) the 'megatrades' (are) just as seriously flawed," Miller said.

Miller said he was asking the GAO to investigate both land-exchange deals.

"In addition, GAO will also investigate the disparity in value between what the federal government gave up and what it received and how the disparity is justified.

"I take these actions very reluctantly," Miller said.

"Many members of Congress, including myself, have not formed a final opinion whether the arctic refuge should be opened for development," he said.

"I intend to continue with (an) open, deliberative process and I will respond very negatively to any effort by the administration to shortcut the process by cutting sidebar deals that shortchange the federal government and the state of Alaska," he said.

Alaska, which dropped out of the land-exchange talks earlier this year, would lose potential revenue from development of mineral rights traded to the Natives.

The summary released by the Interior subcommittee staff discloses the amounts and values of property the Native corporations are trading but not the acreage they would receive in the coastal plain.

However, because the exchanges would be dollar-for-dollar, the summary provides an indication of relative participation by the Native organizations. Based on the summary, it appears that the Doyon Regional Corp. and Native Lands Groups, an association of village corporations and CIRI, are the two heavy players in the proposed deal.

Native Lands Group is trading about 298,000 acres—233,000 in the Yukon Delta National Refuge and smaller portions from the Alaska Maritime and Kenai refuges—valued at $184 million. A Miller aide quoted Horn as saying that the Native Lands Group is working with Conoco and Exxon oil companies.

Doyon is trading about 220,000 acres from the Innoko, Kanuti and Nowitna national refuges valued at $121.7 million. It is working with Atlantic Richfield Co., which also has an arrangement with the Gana-Yoo corporation involving 56,000 acres offered for trade at a value of $35 million.

Other Native corporations involved are:

Ahkiok-Kaguyak, 115,000 acres in the Kodiak refuge valued at $74.9 million. It is working with Shell Oil Co.

Koniag, 112,000 acres in the Kodiak refuge valued at $77.4 million. It is working with Chevron, British Petroleum and Phillips Petroleum companies.

Old Harbor, 90,000 acres in Alaska Maritime and Kodiak refuges. It is working with Texaco.

If the trades are agreed to by the Natives and approved by Congress, 503 tracts in the coastal plain—or 85.5 percent of the total—would remain for competitive leasing.

A slightly higher percentage of tracts over suspected oil-rich geologic structures still would be available. That suggests that the Natives may have been more speculative in some of the proposed deals by looking to somewhat less promising areas.

A committee source said that none of the areas in the coastal plain where calving by the Porcupine caribou herd is most prevalent were involved in the land exchange proposals.

The source said that it appeared that most of the land to be exchanged is concentrated in the northeastern quarter of the coastal plain where large geologic structures are thought to exist.

Horn said last week that the negotiations for the land trades involved only the Natives and not the oil companies, who were not at the table or in the room.

But Miller said that the Natives were directed by the oil companies.

"The exchanges are not contracts between Native corporations and the federal government," Miller said. "They are, in reality, contracts between selected oil companies and the Interior Department. Thus we have no guarantee that the interests of the Native groups are being protected."

Horn could not be reached for comment Tuesday.

He has maintained, however, that the land trades give the government an opportunity to obtain Native in-holdings—property they own that is surrounded by federal refuges—at virtually no cost.

Some on Miller's subcommittee suggested in earlier hearings, however, that it would be cheaper for the federal government to use its proceeds from oil development to buy the holdings from the Natives rather than to trade away the potential for future oil revenues to acquire them.

□ 1340

Mr. Speaker, I reserve the balance of my time.

Mr. YOUNG of Alaska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2629.

As the sponsor of this legislation, I would like to commend the gentleman from California and the distinguished chairman of the full committee, the gentleman of Arizona, for their assistance in passing this legislation. I appreciate their assistance and leadership on this issue.

For the past 4 years, we have attempted to finally resolve a longstanding dispute over the ownership of submerged lands in Alaska. Beginning in 1983, the State of Alaska, the Department of the Interior, and Alaska Native groups have been in agreement over the proper method to resolve this controversy. Since that time, the Department of the Interior has been following the agreed-upon survey rules. The rules have been unsuccessfully challenged in Federal courts by two environmental groups.

This legislation would ratify the current Federal policy and bring needed certainty to land conveyances involving submerged lands. For the State of Alaska and Alaska Native groups, it means that the full land entitlements promised in the Alaska Statehood Act and the Alaska Native Claims Settlement Act will be met.

At the same time, hundreds of potential lawsuits will be avoided by the passage of this legislation. This legislation will not result in increased Federal expenditures and is supported by the administration.

Mr. Speaker, in addition to ratifying the survey rules, the legislation restates that any proposed land exchange involving land in the coastal plain of the Arctic National Wildlife Refuge will require congressional approval. I support this requirement. However, I strongly believe that these proposed exchanges will receive congressional support and approval once the Congress receives all of the facts. The proposed exchanges would add over 800,000 acres to Alaska national wildlife refuge lands and represent the only method of acquiring prime wildlife habitat, which is now in private ownership.

Also, it is important to note that the legislation would preclude conveyance of lands within the coastal plain. While the committee takes no position of the authority of the Secretary to make withdrawals of areas under selection, it is my view that these actions may well become necessary and advisable in cases where villages would otherwise have to take land selection entitlements far away from existing villages.

Finally, the bill would ratify public land order 6607 which adds 325,000 acres of relinquished land to ANWR. This land has been previously relinquished by the State of Alaska.

Approval of such withdrawals are required by section 1326 of the Alaska Lands Act, the "no more" clause, which prohibits certain executive withdrawals unless approved by Congress within 1 year.

Mr. Speaker, this bill resolves several land issues in Alaska in a fair and responsible manner. For these reasons, I urge my colleagues to support this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of H.R. 2629 as reported by the Committee on Interior and Insular Affairs.

This is not the first time that the issue dealt with by this bill has come before the House.

In the last Congress alone we twice acted to forestall a deluge of litigation that the State of Alaska said would be forthcoming if the State was not granted relief from the statute of limitations in section 901 of the Alaska Lands Act.

That statute of limitations, I might add, was initially embodied in that act by the Senate at the request of the State itself. The corresponding section of the House-passed Udall-Anderson bill did not include such a statute of limitations—in fact, it rather closely resembled the bill now before us so far as concerns the treatment of submerged lands.

In any event, today we have an opportunity to dispose of this matter in a more complete way and in a way that does in fact essentially return to the provisions of the Udall-Anderson legislative version of anilca.

In my opinion, this will be an improvement in the Alaska National Interest Lands Conservation Act as it now stands, and the gentleman from California, Mr. Miller, deserves congratulations for the leadership he has shown on this, especially for broadening the scope of the bill so that it will further the protection of wildlife values and will assure that decisions about the coastal plain of the Arctic National Wildlife Refuge will be made by the Congress and not through exchange deals negotiated behind closed doors.

Mr. Speaker, there is a need for still more improvements in the Alaska Lands Act, and I wish that such improvements could also have been included in the bill before us.

The Interior Committee is presently considering one such important improvement, namely the repeal of the provisions that constrain the Forest Service from proper management of the Tongass National Forest and that take the funding for that management out of the appropriations process. And there are numerous other things that should also be done to strengthen and improve the Alaska Lands Act which I wish were before us today.

However, the bill before us, while not going as far as I would have wished, is an important and worthwhile measure. I again commend the gentleman from California for bringing it forward, and I urge its passage by the House.

Mr. JONES of North Carolina. Mr. Speaker, the committee on merchant marine and fisheries which I chair is cooperating with the leaders of the House Interior and Insular Affairs Committee so that H.R. 2629 can be considered and approved by the House today.

As reported from the Interior Committee, H.R. 2629 contains provisions within the jurisdiction of the Merchant Marine and Fisheries Committee. I have asked that the bill be sequentially referred to the Committee on Merchant Marine and Fisheries to confirm our jurisdictional rights but we are not holding the bill nor taking action in committee on it; instead we are permitting its consideration today without delay.

Today's bill contains a provision virtually identical to language in H.R. 3008, a bill jointly referred to the Merchant Marine and Fisheries Committee and the Interior and Insular Affairs Committee. This language prohibits the Department of the Interior from completing land exchanges involving the Arctic National Wildlife Refuge without prior congressional approval. Our committee has jurisdiction over fisheries and wildlife generally, including refuges. A proposed land exchange would give to certain Alaskan native corporations oil and gas development rights in the Arctic National Wildlife Refuge; the corporations, in turn, would convey to the Department of the Interior substantial inholdings found in refuges elsewhere in Alaska.

A second provision in the reported bill adds 325,000 acres of public land to the Arctic National Wildlife Refuge. If this language were introduced as a separate bill, I would maintain that my committee should obtain an original joint referral. Since it is an amendment to H.R. 2629, a sequential referral of the reported bill to my committee is warranted.

Finally, I note that the primary purpose of the bill involves the conveyance of certain submerged lands in the State of Alaska. Members should be aware that these provisions may have a major impact on National Wildlife Refuges in Alaska. If native corporations relinquish their claims for certain submerged lands, they can then select compensating acreage from uplands on adjacent Federal property. In actuality, many of these adjacent properties are within the National Wildlife Refuge System. We could see substantial and important portions of refuges subject to the new selections by the native corporations. If this bill is enacted, my committee will closely oversee how the implementation of the law affects refuges in Alaska.

At this point, I submit a copy of my letter to the Speaker on this subject to be printed as part of the debate.

COMMITTEE ON
MERCHANT MARINE AND FISHERIES
Washington, DC, July 30, 1987.

Hon. JIM WRIGHT,
The Speaker, House of Representatives, H-209, The Capitol, Washington, DC. 20515

DEAR MR. SPEAKER: On June 8, 1987, Congressman Don Young introduced H.R. 2629, a bill involving the conveyance of certain submerged lands in the State of Alaska. That bill was referred to the Committee on Interior and Insular Affairs. On July 23, 1987, Congressman George Miller introduced on behalf of himself, Mr. Studds, and Mr. Young, H.R. 3008, a bill prohibiting the Secretary of the Interior from executing any land exchanges involving the Arctic National Wildlife Refuge without prior Congressional approval. H.R. 3008 was jointly referred to the Committee on Merchant Marine and Fisheries and the Committee on Interior and Insular Affairs.

On July 29, 1987, the Committee on Interior and Insular Affairs held a markup for H.R. 2629 and adopted an amendment in the nature of a substitute which included, among other things, language prohibiting land exchanges involving the Arctic Wildlife Refuge without prior Congressional approval. Thus, the version of H.R. 2629 as ordered reported by the Committee on Interior and Insular Affairs contains language which is virtually identical in its scope and impact to H.R. 3008, a bill previously jointly referred to the Committee on Merchant Marine and Fisheries.

Moreover, H.R. 2629, as ordered reported by the Committee on Interior and Insular Affairs, includes a provision adding 325,000 acres of public land to the Arctic National Wildlife Refuge. In a letter to Chairman Udall dated March 14, 1979, Speaker O'Neill set forth certain general referral rules that he intended to follow regarding bills affecting or creating units of the National Wildlife Refuge System. In particular, page 3 of that letter delineated various scenarios in which either joint or sequential referrals would be in order for the Committee on Merchant Marine and Fisheries involving bills affecting wildlife refuges. I still believe that some of the referral guidelines enunciated in that letter are inequitable when applied to the jurisdictional interests of this Committee over those of the National Wildlife Refuge System. However, I would contend that, *at a minimum*, the March 14, 1979 letter supports a request for a sequential referral of a bill like H.R. 2629 as reported, which expands the size of an existing National Wildlife Refuge. Any contrary conclusion would seriously undermine the jurisdictional interests of the Committee on Merchant Marine and Fisheries over the Wildlife Refuge System as recognized in Rule X, Clause 1(n)(4) of the Rules of the House of Representatives. I, therefore, believe that my request for a sequential referral of a bill adding acreage to the Arctic National Wildlife Refuge is clearly within the referral guidelines laid out in Speaker O'Neill's letter.

In summary, H.R. 2629, as reported, should be sequentially referred to the Committee on Merchant Marine and Fisheries. It not only contains a provision virtually identical to one previously jointly referred to this Committee (H.R. 3008) but also adds acreage to a National Wildlife Refuge, an event which Speaker O'Neill's March 14, 1979 letter indicates would serve as the basis for a sequential referral.

As discussed in the notes accompanying Rule X, Clause 5 of the Rules of the House of Representatives, it has been the practice of the Speaker since January 5, 1981, to consider the text of bills as ordered reported for purposes of making a sequential referral to another Committee. I believe that H.R. 2629 falls squarely within this rule. I am interested in expediting the House's consideration of H.R. 2629 and do not desire to seek

undue delays as the result of the request for a sequential referral. I would, therefore, be willing to consider any constructive procedural alternative to be negotiated between my Committee and by the Committee on Interior and Insular Affairs which would enable the bill to be considered by the House prior to the August recess.

With kind regards, I am,

Sincerely,

WALTER B. JONES,
Chairman.

Mr. MILLER of California. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. YOUNG of Alaska. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore (Mr. GRAY of Illinois). The question is on the motion offered by the gentleman from California [Mr. MILLER] that the House suspend the rules and pass the bill, H.R. 2629, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2629, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT ON H.R. 27 FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION RECAPITALIZATION ACT OF 1987

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 236 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 236

Resolved, That upon the adoption of this resolution it shall be in order to consider the conference report on the bill (H.R. 27) to facilitate the provision of additional financial resources to the Federal Savings and Loan Insurance Corporation and, for purposes of strengthening the reserves of the Corporation, to establish a forbearance program for thrift institutions and to provide additional congressional oversight of the Federal Home Loan Bank Board and the Federal home loan bank system, all points of order against the conference report and against its consideration are hereby waived, and the conference report shall be considered as having been read when called up for consideration.

The SPEAKER pro tempore. The gentleman from Florida [Mr. PEPPER] is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Tennessee [Mr. QUILLEN], pending which I yield myself such time as I may consume.

Mr. Speaker, this rule provides for the consideration of the conference report on H.R. 27, The Competitive Equality Banking Act of 1987, with 1 hour of debate equally divided between the chairman and ranking majority member of the Committee on Banking. It also provides that the conference report shall be considered as having been read. The rule waives all points of order against the conference report and against its consideration.

Mr. Speaker, this conference report represents many hours of intense negotiations, difficult choices and compromises. The final product in my opinion is good. It resolves many important issues that for many years for one reason or another have not been addressed. The major issues contained in this conference report include: The closing of the nonbank bank loophole except for those that were in operation on or before March 5, 1987; the placement of 1 year moratorium on the ability of banks to sell securities, insurance or real estate; the recapitalization of FSLIC at $10.825 billion with an annual net borrowing limit of $3.75 billion; the establishment of a forbearance system to keep well-managed but troubled financial thrifts open; the extension of title I and title II of Garn-St Germain giving regulators the authority to arrange interstate mergers of failing banks with assets of at least $500 million; and the establishment of an expedited funds availability schedule to facilitate a bank customer's access to his money.

Mr. Speaker, this legislation is extremely important to the future of our banking and financial service industries for two very critical factors. First, it recapitalizes our savings and loan industry just in time to prevent depositors from losing faith in these institutions and thus in the safety of their money. Title III of the conference report has been aptly described as emergency legislation needed to deal with a severe crisis. Currently, FSLIC has a negative net worth and hundreds of thrifts are insolvent. Savings and loans are losing $6 million a day. This legislation will restore the public's confidence in the thrift industry, an industry which has been so valuable to the economic growth of our Nation. Second, the closing of the nonbank bank loophole and the moratorium on expanded powers for banks provides Congress with an opportunity to determine the future direction and scope of the banking/financial service industries.

In this regard, I would like to make the following observations. This conference report contains language which states that it is the intent of Congress through its respective banking committees to review the restructuring needs of the financial and banking laws. During the Rules Committee hearing on this conference report I engaged Chairman ST GERMAIN in a colloquy on this subject. I was assured by him that his committee would be holding hearings on the topic of expanded powers for the banking and the financial service industries. In fact, this legislation was partially designed to force the various participants into discussing methods in which the laws could be modified to increase the availability of financial services to the people.

This reexamination is truly needed. Since the mid-1970's the separation of commerce and banking has been crumbling. The widely used money market accounts of security firms, the advent of nonbank banks, and the fact that this legislation permits security firms to purchase failing savings and loans with assets over $500 million clearly demonstrates that the distinction between commerce and banking continues to erode. Let us take a glimpse at the intrusion of the security industry into traditional banking territory. From 1966 until 1986 security firms have gone from a position where they provided only $0.8 billion of commercial loans to $78.5 billion and consumer deposits in money market accounts of $3.7 billion to $292.1 billion. I make these observations and cite these statistics without any negative connotations. In fact, I believe the options and the choices available to the consumer as a result of this competition are extremely valuable. I just want to illustrate the point that an irreversible change is rapidly occurring in the delivery of financial services. We in Congress must not try to turn the clock back, but rather, provide for financial deregulation within some type of framework. Today, banks are too constrained by Glass-Steagall while other financial service companies continue to offer more and more banking services to their customers. Let us in the next year develop legislation which will permit banks and financial service companies to compete on a level playing field. If we are going to allow security firms to operate banks and savings and loans, then banks and savings and loans should be able to operate security firms. I am confident that Congress can develop a set of disclosure rules and regulations that will protect the public interest and offer the financial service's consumer more and better services.

Mr. Speaker, this rule allows an extremely valuable omnibus banking conference report to receive orderly consideration on the floor of the House. I strongly urge my colleagues

to vote for the rule and the conference report.

□ 1350

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, the able chairman of the Rules Committee has explained the rule and the provisions of the conference report. I support it.

Mr. Speaker, it has been a long and winding road this bill has traveled to reach this point. The issues involved are many and the compromises reached in this conference report probably do not entirely satisfy any of the parties who have worked on this bill over the past several years. Nevertheless, the conference report is acceptable and should be approved by the House today. This rule merely expedites its consideration so it can be sent to the President for his signature. Members should be aware that the final changes to the conference report last week will result in the President's approval and signature. Thus, we are at last at the end of the road on this important bill.

Mr. Speaker, I ask for a "yes" vote on the rule and a "yes" vote on the conference report. While I would hope some of the provisions in this conference report will be modified, it should be approved now because of the protection it provides for savings and loan depositors and taxpayers, and because it strengthens the Federal Savings and Loan Insurance Corporation and the savings and loan industry, and gives the banking industry a chance to do some things for which they had hoped.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. WYLIE].

Mr. WYLIE. Mr. Speaker, I would like to associate myself with the remarks of the gentleman from Tennessee [Mr. QUILLEN] and rise in strong support of the rule on the conference report to H.R. 27.

I know that my colleagues are well aware of the serious problems facing the Federal Savings and Loan Insurance Corporation fund. It is estimated that FSLIC is losing $10 million a day, and according to the GAO, FSLIC was at least $6 billion in the red at the end of 1986. The situation has become even more critical over the past 6 months. We need to move forward on this legislation.

The report represents a true compromise reached with the administration. Until last week, the message from the White House was very clear. The President would veto H.R. 27 unless certain modifications were made by the conferees. The administration originally asked for $15 billion and then $12 billion for recapitalizing the fund.

The administration objected to title I, which closes the nonbank bank loophole.

Last Wednesday night the conferees agreed to a compromise which: First, increases the FSLIC recapitalization amount to $10.8 billion; second, sunsets some of the regulatory forbearance provisions when the financing corporation makes its final net new borrowings; and third, permits any financial or commercial concern to acquire an insolvent savings and loan association with assets of $500 million or more.

This compromise made possible by the active involvement of Secretary of the Treasury Baker and real give-and take on all sides assures Congress that the President will not veto H.R. 27. The real winners will be the taxpayers who will not be faced with paying for a massive bailout of the savings and loan industry.

Mr. Speaker, I urge adoption of the rule.

Mr. PEPPER. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Illinois [Mr. ANNUNZIO].

Mr. ANNUNZIO. Mr. Speaker, I thank the distinguished chairman of the Rules Committee for yielding this time.

Mr. Speaker, I rise in strong support of the conference report on H.R. 27, the Competitive Equality Banking Act of 1987.

Although this legislation is generally referred to as the recapitalization of the Federal Savings and Loan Insurance Corporation [FSLIC], in reality the bill is far broader than that one subject area. The bill contains 12 titles, including the long-awaited and much needed legislation dealing with check holds, or the amount of time a financial institution can hold a depositors' check before making those funds available to the depositor. This may well be the most significant consumer legislation that will be enacted by the 100th Congress. The check hold section of the legislation will provide that consumers will soon be able to get access to their check deposited funds on the next day following the deposit provided the check is drawn in the same general area where the deposit was made. A slightly longer period will prevail on checks that were drawn in another area.

In addition, the legislation contains a significant title offered by the Senator from Illinois [Mr. DIXON], which will allow agricultural banks to write off farm losses over a 7-year period rather than to write down the loss immediately. This feature will help revitalize banks in agricultural areas and will go a long way toward helping provide new funding for America's farmers.

But the title of the legislation that has received the most publicity is, indeed, the recapitalization of the Federal Savings and Loan Insurance Corporation. I am not totally happy with the provisions of that section, but it is important that we get the legislation on the statute books as quickly as possible. Under the conference report we are taking up today, the total amount of the recapitalization will be $10,824 billion. That is a figure more than double the $5 billion voted by this Chamber. If time were not of such a critical nature in the recapitalization of the FSLIC, I would have fought much harder to reduce the $10.8 billion funding level. But time is a luxury we do not have. Because of the widespread media attention paid to the savings and loan situation, there is a fear that unless the recapitalization is accomplished quickly there could be runs on a number of savings and loans. This coupled with the threat of a Presidential veto, which would have added weeks if not months to the legislative process, has persuaded me to go along with the higher figure. It is a compromise that I make reluctantly, but one that I make in the interest of resolving a serious problem.

It is my belief that if the President had vetoed the legislation containing a lower recapitalization amount, there would be enough votes in both Houses to override the veto. But I am not certain that would be the type of victory that is needed at this point. With both Houses scheduled shortly to adjourn for a month, it would have been the end of the first week in September before we could have even begun the process of overriding the veto. And if the veto were sustained, it would have required additional weeks to write new legislation.

Time and common sense won out in my decision, Mr. Speaker, and I am glad that we are now on a fast track toward recapitalizing the FSLIC.

I would hope that once the FSLIC begins to receive the money for the recapitalization that the agency does not go on a spending spree. Great care must be taken in making decisions on whether or not to close a savings and loan. No institution should be closed where there is a possibility that with a little bit of work the institution can be saved. This is particularly true in smaller communities across the country where the loss of a financial institution could have serious effects. When an institution is closed, jobs are lost, lives are affected, and great economic strains are placed upon the people of the community. I urge the FSLIC to work to save institutions not to close them solely because the money is available for funerals.

In closing, I wish to commend Chairman ST GERMAIN and the ranking minority member, the gentleman from Ohio [Mr. WYLIE] for the outstanding job that they did in bringing this conference report before us today.

I also want to pay special tribute to the staff of the Committee on Banking, Finance and Urban Affairs for the incredible job that it did in doing the technical work needed to bring this bill to the floor. The staff worked long hours into the night and on more than one occasion gave up its weekends to work on the legislation. I want the staff to know how much I appreciate their efforts.

Mr. Speaker, the conference report on H.R. 27 is a good report. With time it may well be judged a great legislative effort. I urge all Members to support the conference report.

□ 1405

Mr. QUILLEN. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. DREIER].

Mr. DREIER of California. Mr. Speaker, I am the first to realize that there is a real crisis for the Federal Savings and Loan Insurance Corporation and we must provide a recapitalization plan immediately. But with that in mind, I reluctantly rise in opposition to this rule.

I would like to read a quote that was sent to those of us who served on the conference committee from Treasury Secretary Jim Baker. He said in a June 22 letter:

> In our view the House of Representatives should not roll over to accept amendments it has never considered, especially since concurrence in all likelihood means the end of any hope for significant banking legislation in the 100th Congress.

Mr. Speaker, I ask what is it that has changed since that letter? First, the House conferees did roll over and accept the Senate's protectionist amendments. Second, the conferees agreed to increase the FSLIC recapitalization level to $10.824 billion, which is more than double what we in the House of Representatives voted to approve.

As my colleagues may recall, efforts to raise that recapitalization level beyond $5 billion failed 3 separate times in the House Committee on Banking, Finance and Urban Affairs, and right here on the House floor by a vote of 258 to 153. The conference report, unfortunately, in no way resembles H.R. 27 as it was passed by the House on May 5.

The conference report contains permanent and substantial changes in existing banking laws that as the Treasury Secretary stated have never been considered by this House. For instance, title I of this legislation would impose an unprecedented 7-percent annual growth cap on limited service banks. This is not a moratorium like title II. It would permanently change the legal status and business activities of limited service banks. Many of these institutions are owned by commercial firms such as Sears Roebuck and J.C. Penney. They exist because they are meeting the needs of consumers.

The restrictions contained in title I will severely inhibit their operation and will eventually result in the loss of thousands of jobs.

Title II is a convoluted and haphazardous attempt by various parts of the financial services industry to protect their markets from healthy competition at the expense of consumers and businesses.

The moratorium is also exclusively focused on commercial banks. No restraints would be placed upon securities firms or insurance companies, many of which now offer fully integrated commercial and investment banking services.

Moreover, Mr. Speaker, it is questionable whether the moratorium will really expire next March. Experience suggests that once this legislation is approved the industries that stand to benefit most from the moratorium will be working actively to extend it indefinitely.

This regressive and punitive moratorium will only discourage the real estate, insurance, securities, and banking organizations from working together to develop a progressive legislative package that will benefit all financial service providers and the consumer.

As my colleagues can see, Mr. Speaker, H.R. 27 is highly controversial. First, the conferees chose to defy the overwhelming sentiment of the House for a $5 billion recapitalization plan. Then they chose to burden the FSLIC bill with a series of prohibitions that will seriously hinder efforts to strengthen and modernize our Nation's banking laws.

I think the gentleman from Rhode Island, Chairman ST GERMAIN, stated it best when he stated:

> These issues are too important to be acted on without hearings, debate and votes within the committee and on the House floor. The House should have an opportunity to work its will on each of these issues.

Therefore, I urge my colleagues to follow Chairman ST GERMAIN's advice and reject this bill. Let us encourage the Rules Committee to bring to the floor a new rule making in order the FSLIC recapitalization provisions. Then we should send the remainder of the provisions back to our Committee on Banking, Finance and Urban Affairs where they can be fully considered and debated and brought to the floor under the normal legislative procedures of this House.

Mr. PEPPER. Mr. Speaker, I yield 3 minutes to the able gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Speaker, I rise in support of the rule which will permit Congress to work its will, indeed. We have labored to provide this package of financial institution policy. It deserves to be considered and debated.

Mr. Speaker, this measure, H.R. 27, is a major victory for Congress. We have forced the administration to come down from the mountain of a $15 billion, no-strings-attached bailout to agree to a responsible bill that reasserts Congress in the debate on how our financial sector should operate and be structured in today's economy. It would not have been possible without the effective and positive leadership of the respective chairmen, Mr. ST GERMAIN, of the House and Mr. PROXMIRE, of the Senate and the ranking minority members, Mr. WYLIE and Mr. GARN. They deserve our praise and more importantly our support.

Mr. Speaker, too often in the past few years, Congress has been circumvented in the process and debate on deregulation. Rather than acting and developing a sound national policy, we have been forced to react to the decisions of unelected bureaucrats and judges. This has occurred time and time again from telephones to trucking and airline deregulation. As my colleagues know, this administration-led piecemeal approach has been a rocky road.

It may all work out in the long run but today there is uncertainty, lost consumer trust, company closures and growing demands for deregulation. That's a gamble we can't take in the financial marketplace.

H.R. 27 gives us a chance to avoid the pitfalls. This bill closes the regulator-opened nonbank bank loophole and bars other regulator attempts at deregulation for the short term. This bill is not, however, the conclusion of a debate, but the beginning. H.R. 27 gives Congress and, in effect, the American people the opportunity to consider in a national dialog the course we should set for our financial industries for years to come. Clearly, this is a monumental task but it is one that must be done and must be done here in open debate on the floor, not by a small clique of Federal regulators meeting in private.

I want to urge my colleagues to support H.R. 27. This bill meets the immediate needs of the financially strapped thrifts and their depositors and sets the stage for future action. But I want to urge my colleagues to go beyond that and to begin to consider the deliberations that must follow.

The administration is already trying to frame that debate by endorsements of the so-called mega-banks styled after the Japanese and European models. This policy will override five decades of the positive American banking experience which has served our pluralistic society so well. It will violate all of our protections for healthy competition. Antitrust laws, rules preventing collusion, and conflicts of interest will be lost—all in the name of a competition called to the

tune of nations that have absolute Government control of their banks. Imitation may be the highest form of flattery but what we need is competition not imitation. U.S. F.I. that face risk and not seek absolute government insurance because they are simply too big to fail without adversely impacting the total world economy. With 20,000 thrifts, banks, and credit unions that have evolved to serve our Nation and the American people so well should not be permitted to become a sacrificial lamb to our trade deficit. Rather, these institutions should be used to pump life into the U.S. economy and help turn around that deficit through maintaining the viability of American business and American entrepreneurs. With the proposed regulators super or mega-bank, we lose one of our major economic strengths—entrepreneurship. Super megabanks dedicated entirely to only certain industries have a financial interest not to finance spinoffs and new businesses. As a result, major important American new firms such as Control Data and Cray Computer would not likely be in existence today to compete domestically and internationally.

We cannot be straitjacketed by these narrow administrative parameters. This is not some grand experiment into which we can lightly enter. The decisions we must make will have far-reaching ramifications which must be addressed. Any future banking legislation should build on the firm foundation that past 50 years of experience has established. The integrity of deposits and the insurance fund must be maintained and the wellspring of financial assistance to American entrepreneurs. The heart of our economic promise must be maintained.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. PARRIS].

(Mr. PARRIS asked and was given permission to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, I rise in support of the conference report on H.R. 27.

Mr. Speaker, I support the conference report on H.R. 27. This is the first comprehensive banking legislation that we have had in nearly 5 years, and we have been driven to this point because of our need to recapitalize the Federal Savings and Loan Insurance Corporation. Please allow me to summarize my support of this legislation.

FSLIC RECAPITALIZATION

The most important aspect of this legislation is its provision to recapitalize the FSLIC. In October 1985, I took to the well of the House to express my concern about the dangerously low reserve level of the fund. Again, in January 1986, I spoke on the House floor about the urgent need to inject more dollars into the FSLIC. At that point I estimated that the projected losses to the fund would be nearly $25 billion. Many disputed that figure, but as time has progressed, that loss estimate is now a reality, if not now on the low side. Some would suggest, and I think rightly so, that the projected losses to the FSLIC could be $40 billion. In the summer of 1986, the Federal Home Loan Bank Board [FHLBB] proposed a recapitalization plan that would infuse $15 billion into FSLIC through bond issues. This coupled with FSLIC's annual income over 5 years, would provide FSLIC with $25 billion over 5 years—enough to cover the projected losses. We came close to passing this legislation in the 99th Congress, but failed to because extraneous issues prevented the House and Senate from reaching agreement on the legislation. That was unfortunate, and it was a failure of the House and Senate to act responsibly. As it turns out, that failure to reach a compromise in October 1986 will now cost the industry, and maybe the taxpayer, another $2.5 billion.

In January of 1987, everyone looked forward to an expedited passage of FSLIC legislation. Unfortunately, other issues clouded this scenario. The Senate used the FSLIC bill to address other banking issues, and the House delayed—eventually adding forbearance legislation, and approving a much smaller recap amount.

We have meandered through the legislative process and have arrived at a FSLIC recap figure of $10.824 billion. That might seem like a curious amount, but allow me to explain the reasons the conferees arrived at this figure.

The conference was faced with a choice of the House plan, a 2-year $5 billion recap, or a Senate 2-year $7.5 billion solution. Instead, the conferees agreed upon an $8.5 billion FSLIC recap. The number was raised by 1 billion because the Senate conferees asked for this in light of the conference decision to address the need for a solution to restoring the secondary reserve.

What is the secondary reserve you ask? The secondary reserve is a fund that was established by the Congress in 1962 to insure that FSLIC reserves were adequate in light of the growing number of thrifts at that time. By the mid-1970's the Congress felt comfortable enough that the primary reserve was adequate that the payments made to the secondary reserve could now be returned to the institutions. This continued until the early 1980's when the payments were discontinued because of the declining primary reserve. Since that time institutions with equity in the secondary reserve have carried this on their balance sheets expecting repayment. When the GAO declared that FSLIC was technically insolvent earlier this year because of the expected losses that FSLIC faced, the secondary reserve was "extinguished." Thrifts with equity in the secondary reserve have thus been forced to write this off of their balance sheets, much to their dismay.

The conference, and my self included, felt that it was appropriate to compensate these institutions in some fashion. The compromise that I helped draft would return the secondary reserve over a 5-year period to those institutions in the form of credits to their special assessments to the FSLIC. That is why the conference has decided to include $825 million in its FSLIC recap amount.

Now the question—why have we gone to the $10 billion? In sum, because the President would have vetoed this bill for providing anything less than that. The President is absolutely justified for doing so. A higher recap amount is imperative and necessary to begin to solve this crisis.

Unfortunately, the conference has retained the annual cap on borrowing authority for the FSLIC at $3.75 billion. Basically, this legislation is now a 3 year plan that will allow over $3 billion a year to be borrowed for that 3-year period. Added to this will be FSLIC's annual income, estimated at $1.8 billion a year. Subtract from this, however, the interest on the bonds, the secondary reserve credit, lack of interest on the primary reserve, and the phase out of the special assessment, and I estimate that FSLIC will have something in the nature of $4.5 billion available to it each year.

Is this enough for the FSLIC to get us out of this crisis? Most likely it will not be. Is it better than nothing? The answer is yes.

Let me briefly discuss the magnitude of the crisis. Currently there are 461 institutions that are GAAP insolvent, having $125 billion in assets. There are, however, another 281 institutions that are not technically insolvent, but have either negative earnings, or earnings less that 0.5 percent. This group has $146 billion in assets. Combined we have nearly 700 institutions that are either insolvent or are in a very weak capital and earnings position right now. As one can see, this is a significant crisis, that may require greater assistance than the industry alone can supply. I regret to say that we could well be back here asking for additional FSLIC borrowing authority in a year.

As I mentioned earlier, our failure to pass this legislation last year has cost us $2.5 billion since last October. The daily losses are now running $10 million a day, and that is why it is so imperative that we pass this legislation now.

Let me conclude by saying that I support this legislation because it will provide the urgently needed dollars

that FSLIC must have in order to close the "brain-dead" thrifts that are accruing losses daily. I will caution fellow members, however, that this is not the last we will hear of the FSLIC crisis. This Congress must in the near future search for alternative solutions for thrift problems. If the losses climb so high that the industry alone will not be able to rescue itself, then the Congress will be forced to address a comprehensive alternative. I say, let's begin that process now so that we don't take action, driven by a crisis, that would not really solve the problem. I thinking of a merger of the two funds—that would only cover for a short term the true losses, and I want to avoid that.

Again, I urge my colleagues to support this legislation so that we can give the FSLIC the necessary funds to begin to solve this crisis in the thrift industry.

THE NONBANK BANK LOOPHOLE

This legislation also closes the nonbank bank loophole. Banks are defined as institutions that accept demand deposits and make commercial loans. Institutions that do one or the other are not considered banks, and therefore, are not subject to many of the Nation's banking laws. For the most part, the major criticism aimed at nonbank banks is there ownership by commercial firms. This represents a departure from our Nation's banking policy that separates banking and commerce. Some would argue that this is a tradition for this country, but in fact as William M. Isaac stated in the Wall Street Journal recently, not until the 1956 Bank Holding Company Act did we separate banking and commerce. In fact, as he went on to say, this "Chinese wall" of separation remains rather porous today.

Many in the administration would argue that the nonbank banks have been a positive innovation for the consumer. I do not seek to argue that point at this time. In fact, that is not really the issue that this legislation addresses. As I see it, the problem is twofold. One, should we allow commercial firms to be in the banking business, but bar banks from being in the commercial field? Nonbank banks have effectively done this, and that is why the banks have raised this as being a competitive disadvantage for them. Quite frankly, they are right on this point.

Second, should our Nation's banking policy since 1956 be changed because of a legal loophole? I think not. I wrote to the President in favor of this legislation, and in doing so, I did not seek to rebut the administration's view that nonbank banks have helped deregulate banking, but I told him that our Nation's policies should be set by the Congress and the executive branch, not by lawyers looking for loopholes.

The legislation grandfathers 168 nonbank banks, many of which are owned by very large commercial and financial firms, however, it will shut off the nearly 200 applications that are pending. This legislation imposes many unnecessary and anticompetitive restrictions on non bank banks which I do not support, but the conference was unwilling to relax these in any substantial way.

Why should members be asked to support this section of the bill? Because it will level the playing field between banks and their competitors for the time being. But the Congress needs to address this issue in a comprehensive manner. The financial services arena is changing everyday, and innovation will not wait for the Congress. That is why it is imperative that we address this issue very soon in additional financial services legislation. Today's consumer is seeking an array of different financial services, and new products will be on the market soon after this legislation. The Congress cannot continue to react to the market, we need to set the parameters of competition now, and I hope that we will do that soon, particularly when we address the issue of additional bank powers, as has been promised by both the House and Senate Banking Committee chairman.

TITLE II, MORATORIUM

Title II of this legislation would impose a moratorium on any new powers for banks issued by the Federal Reserve and the Comptroller of the Currency until March 5, 1988. This effectively puts a hold on the underwriting powers that were issued to several major commercial banks in early April of this year. Some would argue that the Federal Reserve in making these decisions went beyond the scope of its authority, and that this was in fact a radical interpretation of Glass-Steagall.

We have been presented a Hobson's choice by each industry with respect to the Federal Reserve's decisions. The large banks tell us that if their subsidiaries are allowed to underwrite securities, commercial paper, consumer receivables, mortgage backed securities, and municipal revenue bonds, then borrowing in the capital markets will be less expensive because of the enhanced competition. Ultimately the consumer will be the benefactor.

The securities industry, however, would argue that underwriting is an inherently risky business, and it is—one need only look to Merrill Lynch and Kidder Peabody to see that each has had to take substantial losses because of poor underwriting practices recently. If the banks are in this business, large investment banks will feel compelled to enter the commercial banking business, and by default the United States will insure double the number of large money center operations because of our insured deposit system. This is, of course, a terse description of the problem, but as you can see it is a perplexing one. The Congress has been stymied in its efforts to confront the conflict.

The net effect, however, has been that the regulators and the courts are making these decisions. Our failure to devise a rational solution to the conflict will only result in these decisions being made elsewhere, with a hodgepodge of regulation that may or may not be in the best interest of the U.S. Government.

The Congress has asked for time—by passing this bill we will have it. Let's rise to the challenge.

GAAP ACCOUNTING

Mr. Speaker, I am pleased that the conference has retained a very important section of this bill that I added as an amendment on the floor of the House during our consideration of H.R. 27. This section would require that thrift institutions begin to abide by generally accepted accounting principles [GAAP] within a period of 5 years. We have now, what we call regulatory accounting principles, better known as RAP. Frankly, RAP had been used to hide the real trouble of the thrift industry. When thrifts got into trouble, the regulators invented a new scheme to make their balance sheets look better. If anyone of us did it, it would be called fraud. It is nothing short of "cooking the books." I won't excuse the Congress from blame either. We have artificially inflated that net worths of thrifts through net worth and income capital certificates.

But the time has now come to correct that situation and to approve this change. We are past the thrift interest rate crunch period, when many of these accounting changes were deemed necessary to help an industry on the ropes. We must swallow hard and go back to GAAP accounting so that we no longer put a false face on the health of the industry.

Finally, let me add that I had the pleasure of meeting with members of the Financial Accounting Standards Board recently. And what they told me was a good prescription to be mindful of in future deliberations over these kind of issues. If we want forbearance, that is reasonably justified, then fine let's have forbearance, but let's not change the accounting rules to do that. Once we begin changing the system, it's hard to get back on the right track.

Unfortunately, this legislation does just this in another section of the bill, which provides for loan loss amortization for 7 years for small agriculture banks. I don't have a problem with some forbearance for these institutions, but I fail to see the logic in changing the accounting rules to do it.

FULL FAITH AND CREDIT

I am also pleased that this legislation includes my amendment placing the full faith and credit of the U.S. Government behind the insured deposits. At a time when public confidence is weakened by FSLIC's problems, it is all the more important that we assure our constituents that we don't intend to let the FSLIC, the FDIC [Federal Deposit Insurance Fund], or the NCUSIF [National Credit Union Share Insurance Fund] stand alone.

GRAMM-RUDMAN

This bill also contains an amendment that I offered in conference to exempt Federal financial regulators from the sequestration provisions of Gramm-Rudman. Why them and not other necessary agencies? Because the budgets of these agencies are paid by those they regulate. Each is funded by premiums paid by the financial institutions that are regulated by the agency, and those funds can't be used for deficit reduction because they are not tax dollars, they are premiums. It makes little sense to ask, for example, the Home Loan Bank Board not to spend a certain percentage of its budget, because other agencies are reducing because of Gramm-Rudman. This is particularly true for the FHLBB that will need every dollar it can muster to solve the thrift crisis. So what results is a curious situation whereby the agency can't spend some of its money—and the Federal Government takes a fictitious reduction in its deficit because it counts money that was never put in the Treasury. We put a stop to this in the conference report.

EXPEDITED FUNDS AVAILABILITY

Finally, Mr. Speaker, this legislation contains a very important section which will expedite the process by which we give consumers access to their deposits. Some States regulate check hold periods, and some do not. Now for the first time we will have national legislation that we will provide all consumers faster access to their dollars.

I want to congratulate Chairman ST GERMAIN and Senator DODD—they came to the conference with two very different approaches to this problem, and they have drafted a good compromise.

As one who represents a substantial number of Federal employees, I am pleased that this section will provide for next day availability for Government checks beginning on September 1, 1988. I might add that my State of Virginia already has an excellent check processing system, and I do not expect that Virginia will have problems meeting the schedules in this legislation, in fact Virginia could well be ahead of the curve, as it is in many things.

In conclusion, Mr. Speaker, this is again, on balance, good legislation. This is not a far-reaching solution to the FSLIC problem, nor is it the final word on financial services restructuring, but it is a step forward by the House and Senate Banking Committees. I would urge my colleagues to support this bill.

Mr. PEPPER. Mr. Speaker, I yield 5 minutes to the able gentleman from New York [Mr. LAFALCE].

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LAFALCE. Mr. Speaker, I reluctantly rise in opposition to the rule, and then, since I believe the rule will pass overwhelmingly, I intend to rise in strong opposition to the conference report, I also believe it will pass overwhelmingly. But I do think it is a very bad rule and a very bad conference report.

□ 1420

For those who do have open minds as of this point in time, I would offer the following procedural arguments for their consideration. At this point I shall not address the merits of the FSLIC recapitalization scheme, its adequacies or inadequacies, nor other difficulties inherent in the legislation. I think that even if you have difficulties with it, in the spirit of compromise you probably would go along with the conference report, if it contained only the FSLIC recapitalization provision. There are some other provisions within the bill, too, that I think are excellent.

For example, the provision dealing with expedited funds availability. I think the conference report provision that deals with that is superior to the House-passed version. But I have to stop there, not that there are not other good provisions of the bill.

The reason I stop there is because those were the only two items in the entire bill that were considered on the floor of the House of Representatives, considered in the Committee on Banking, considered in the Subcommittee on Financial Institutions, in this the 100th Congress.

Earlier this year, approximately March 1987, the Senate passed an omnibus banking bill. It really dealt with virtually every major issue confronting the financial services industry.

Admittedly, it puts some issues on temporary hold, it imposed a moratorium, et cetera, but it attempted to deal with all the major issues in one way or another.

From that time to the present a good many Members, especially myself, were concerned that a certain approach could be taken. We were concerned an approach could be taken whereby the Banking Committee itself and the Members of the House of Representatives would be bypassed, would be circumvented, perhaps indeliberately or perhaps even deliberately. Hence, time after time I asked the question, will we be able to have debate, discussion, and a vote on those issues, both in committee and on the floor of the House? Time after time I was assured "Yes," and indeed, we would at the very least have hearings in the House Banking Committee before we dealt with and had to vote on these issues.

Well, April went by and May and June and July, 4 months, and we have not even had one hearing on any of those major issues in this Congress; very important issues.

And when the House conferees went to the conference with the Senate conferees, I admit a decision was made to go to conference on all the issues; but the decision was not made to virtually capitulate to the Senate on almost every one of the titles in their bill—not every single one, but almost every single one, all the major ones; and yet that is what the end result was.

Now I think that most of those provisions happen to be very bad. Reasonable people could differ, however. I would tick off some of them and I would ask you in your sense of fairness whether this unusual procedure of having a rule on a conference report should be gone along with so readily when we have not had an opportunity to have amendments and separate votes on a number of extremely important issues.

Should we not be able to consider the wisdom of so-called nonbank banks. I call them limited service banks. Should we not debate that on the floor of the House and in committee? Should we not be able to vote on that separately in the full House?

Many people believe that prohibiting them is both anticompetitive and anticonsumer. As a matter of fact, that was the prinicpal reason the New York Times editorialized a few weeks ago:

> If it should pass it will richly warrant a veto. Passage would show that Congress is paying more attention to the lobbyists than the public. Unfortunately, legislators have worked harder to appease lobbyists than to guard the public interest. A bad banking bill would be worse than no legislation at all. This lobbyists' stew is a bad banking bill. It warrants a one word response from President Reagan "veto."

Now, the President is not going to veto this bill, not because he does not want to, but because he is a weak President, because he realizes that he cannot sustain a veto on this bill, because the lobbyists have overcome and prevailed; they have greater might than the President on banking legislation.

I should also like to add that there are several other provisions in this bill which were never considered either by the committee or by the full House. Should we pass a rule which precludes the House from having a separate vote on each issue?

For example, the 7-percent growth restriction placed on limited-service banks 1 year after enactment of this legislation. This issue was only examined during the course of the conference and was not part of the original bill voted on by the House of Representatives. Should we not be able to vote on that separately?

There are other provisions which were included by skirting the normal deliberative legislative process. The intrusion on State powers through the application of Glass-Steagall to State-chartered nonmember banks is a good example. States rights are a vital issue to this body, not only as a means of maintaining our dual banking system—but more importantly—as an approach to legislation. Should we intrude on the jurisdiction of States without even voting on this issue separately?

The same arguments holds for intrusion on regulatory and judicial powers. This rule would permit the House to ignore the authority of the regulators and the judicial branch to act on these banking issues. Such a precedent could have dangerous implications for the safety and soundness of the financial system. Should we not vote on such an issue separately?

Last, the 7-year loan loss amortization schedule permitted for agricultural banks is a provision that should be voted on separately by the House of Representatives. But like all the other examples I have cited above, it too will be lumped in with all the other provisions because of the procedural travesty being committed here today.

Right reason demands that this rule be rejected.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Speaker, I thank the gentleman from Tennessee for yielding.

H.R. 27 is very, very important legislation. This bill has been driven by a locomotive called the Federal Savings and Loan Insurance Corporation. We have been told by our congressional investigative arm, GAO [General Accounting Office], that we have a real problem with FSLIC.

So the administration requested $15 billion to keep FSLIC solvent. The original bill that we passed in the House was for $5 billion. This present bill before us compromises at $10.8 billion. I think it is a realistic compromise, Mr. Speaker. For that reason I think it again will undergird the depositors' confidence and trust in these institutions. That is why this legislation is so needed and so important.

Some people maintain that there are problems with this bill. Well, there are problems with every bill that comes before Congress.

Two hundred years ago when our forefathers were drafting the Constitution, that most perfect of all documents, they realized it had some imperfections. That is why the Bill of Rights was adopted before the Constitution was ratified. It's only natural that any legislation we pass in Congress is going to have some imperfections. But when you take a look at the total picture, this legislation addresses those issues and those questions that have to be addressed. The compromises made in this bill have been fair, just, and equitable. That's why President Reagan will sign it.

This bill goes beyond FSLIC. The bill goes to the heart and future of the banking and financial institutions.

Now we know that we have too many rules and regulations which are too constrictive and out of date. What I hope this legislation will do is provide a vehicle that drives forward with other banking legislation and legislation dealing with our financial institutions; Glass-Steagall must be revisited. We realize that. We must bring our financial institutions into the 20th century.

Ten years ago, most of the large banks in the world were American banks. Today only 3 out of the 25 largest banks in the world are American banks. We cannot continue to go in this direction. The present dilemma is indicative of a Congress sleeping at the switch while technology and the financial institution go through a welter of change. This bill is not a solution to all the problems of our financial institutions but it does set the agenda for future legislation.

Therefore, the reason this legislation is so important is because it addresses the crucial and critical problems that we are faced with today and it gives us the impetus, it gives us the roadmap to move forward. Banking legislation in our House has been stuck in mud for too many, many years. Now finally we are getting on the path, we are getting motion, we are getting movement, we are getting some momentum. That is what is needed.

The Banking Committee is going to be the most important committee in the House of Representatives. And the reason for that is because the issues we are faced with in our Banking Committee are the issues that other American institutions are going to be faced with.

That is why this is prototype legislation, this is vanguard legislation. That is why it is so important.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. ROTH. I would be happy to yield to the chairman.

Mr. ANNUNZIO. Mr. Speaker, I asked the gentleman to yield so that I could commend him on an outstanding statement that he is making in behalf of this legislation.

I would also like to point out that when the gentleman talks about the amount of money that we are funding, $10.8 billion, the more that you vote out—if we had gone along with the $15 billion, the very institutions we are trying to help are those institutions that we would force to close because of the high payments. The larger that payment the larger the payments to the smaller S&L's.

Mr. ROTH. I thank my friend for his contribution and I thank the gentleman from Tennessee for yielding.

Mr. PEPPER. Mr. Speaker, I yield 3 minutes to the able gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, I support the conference agreement on H.R. 27 and urge my colleagues to vote for it.

Congress has been struggling with this issue for almost a year now. Congress has always felt that our Nation's S&L's should bail themselves out; no taxpayer money should be used. The fight has been over how much to ask of the S&L's. We voted to ask $15 billion last year, but that legislation died with the last Congress. This year we voted for $5 billion, but the reconvened conference has given us a total of $10.8 billion.

I support the $10.8 billion number because it, unlike this spring's House figure of $5 billion, is large enough to begin solving the problem. One State's S&L problems alone could have exhausted our earlier $5 billion request; the new request of $10.8 billion should enable our FSLIC fund to operate in the black, at least for the time being.

Other features of H.R. 27 are the sunset provisions on the special leniency or forbearance we are granting S&L's. Already they are operating under relaxed accounting rules, so-called RAP accounting. This bill grants them further leeway, at least to the well-managed ones. But these special favors are not made permanent. S&L's will have to begin operating under the accounting rules that every other business in America is ruled by. GAAP accounting, when the $10.8 billion bailout fund is exhausted.

There are many other features to this bill ranging from the long-overdue statement that the full faith-and-credit of the United States stands behind our Federal deposit insurance funds—which officially adds a contingent liability of hundreds of billions of dollars to our Nation's already overburdened credit ledger—to the controversial nonbank bank and moratorium provisions.

On these last issues, neither party to the controversy should object to the compromises reached, nor should they take much comfort in them either.

Nonbank banks are, and will be, alive and well. They might not grow as fast as their advocates would like, but

they have survived this battle and will fight another day. The moratorium on new bank powers may look as if it's strangling bank growth, but Congress could not have begun seriously voting on such issues before next March anyway.

The result of these features of the bill, add-ons that once again unfortunately circumvented the House Committee process, is to delay consideration of vital issues without much prejudice to the commercial interests at stake. One day Congress will have to face up to these financial structure issues. That day should be soon because Congress should have begun dealing with them years ago. Still, the sooner the better because it is not too late to unshackle our financial industries to allow them to compete internationally and domestically.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. BUNNING].

Mr. BUNNING. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise today in support of the conference report on H.R. 27.

My support, however does not come without reservation. I have three reservations about the work of the conference and I feel that I should express them here.

First, I, as did many of my colleagues on both sides of the aisle, supported a clean FSLIC bill. When the Senate began adding other provisions, I feared a slow process in the face of an emergency situation. Well, that fear has materialized. The Banking Committee held its first hearings on the issue in early January. And now here it is 8 months later, and we're just getting around to sending final legislation to the President.

It's no wonder the taxpayers of this country get impatient with us. I am only glad that FSLIC didn't go belly-up in the process.

My second reservation concerned the funding level for FSLIC. From the very beginning I supported a higher level for the fund. Of course my reservation has been somewhat lessened by the 11th-hour negotiations between Congress and the White House.

I applaud those in Congress who lead these negotiations with the White House for their spirit of cooperation in order to get a signed bill. I still support a higher level of funding, but half a loaf is better than no bread at all.

My final and largest reservation still exists. Today, the House is being forced to vote, in an all-or-nothing situation, on substantive provisions, heretofore not even debated before the Banking Committee. Moreover, the prospect of comprehensive hearings before the March moratorium deadline seems unlikely. As a freshman member of the House Committee on Banking, Finance and Urban Affairs, I would urge the chairman to hold these hearings, post haste. The response that these are all issues that have been argued before does not fly with the freshman members.

Despite these reservations, I urge support of the measure.

Mr. PEPPER. Mr. Speaker, I yield 5 minutes to the able gentleman from Delaware [Mr. CARPER].

Mr. CARPER. Mr. Speaker, I would observe that this conference report is probably neither as good as its proponents would contend nor as bad as its opponents are stating.

I want to just run through, briefly, some of the pluses and minuses as I see it in this legislation, having been someone who has been working on components or different parts of this legislation now for 4 years.

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On the plus side, the FSLIC compromise is a better package than we reported out of the House. It increases the borrowing authority in this industry self-help plan and has less onerous forbearance provisions. We do not tie the hands of the regulators to the extent that the original House measure did.

With regard to the check-hold legislation which several of the earlier speakers have talked about, it is a fair deal for consumers, and I think it is a fair deal for the financial institutions. Many of us in this body are concerned about the safety and soundness of these financial institutions. This compromise in this conference report is, I think, sensitive to those concerns about safety and soundness, while ensuring that depositors have reasonable access to their deposits.

The third point is one that Representative PARRIS mentioned today, and that is a provision dealing with the antideficiency law, the apportionment provisions of our law, and a Gramm-Rudman exemption. For the last 2 years, I have worked hard to try to make sure that we give our financial regulatory agencies some flexibility to ensure that we have enough examiners. We desperately need qualified, well-trained examiners. Moreover, we must reduce the turnover in our examiner forces within our regulatory agencies to avoid being hamstrung in our ability to better ensure the safety and soundness of our financial institutions.

There are a couple of key provisions in this conference report that were literally pulled out of the Carper-Lundine bill which was passed here in the House of Representatives last year. I salute Representative PARRIS for his efforts to include those provisions in this conference report.

Having mentioned those pluses, I now want to mention a couple of minuses, as well. I do not like the idea that we are considering legislation in title I of this conference report dealing with nonbank banks. We have never had the opportunity here in the House to debate the merits of those provisions. I am not comfortable with them, I do not like what this particular bill does in this area. I am hopeful that we will have the opportunity in the year ahead to revisit those issues as suggested by Senator PROXMIRE.

Neither do I like the notion that we are going to extend, for the first time in the history of this country, provisions of the Glass-Steagall Act to state-chartered financial institutions. We have never debated that issue, to my recollection, in the Banking Committee. We have certainly not debated that issue here in this Chamber to my recollection. Yet, we are voting here today to extend that coverage to March 1 of next year.

Third, we are basically saying in this legislation that we are going to tie the hands of the regulators, including the Federal Reserve, to keep them from providing even modestly expanded powers to financial institutions. I do not like the fact that we are going to do that. The kinds of modest new powers that were envisioned by the Federal Reserve, I think, do no harm to our financial insititutions. I believe they are really proconsumer and strengthen, rather than weaken, competition.

In light of the reservations, I hope to have the opportunity, when we actually debate the conference report itself, to ask the following questions of the chairman of the Banking Committee.

First. Will you support an extension past March 1, 1988, of the title I moratorium regarding extension of Glass-Steagall prohibitions to State-chartered financial institutions?

Second. Will you support an extension past March 1, 1988, of the title II moratorium on the discretion of regulators to authorize new activities for banks?

Third. During conference debate, Senator PROXIMIRE indicated that it would be appropriate to revisit the 7-percent growth cap for nonbank banks if the Congress expands products and services for commercial banks. Do you agree that a reexamination of the 7-percent growth cap would be appropriate under those circumstances?

Mr. ROEMER. Mr. Speaker, will the gentleman yield?

Mr. CAPPER. I am happy to yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Speaker, I want to express my thanks to the gentleman from Delaware [Mr. CARPER]. I was a member of the conference, and I, like the gentleman from Delaware, have worked for years to try to get to this date. But all the credit goes to him for many parts of this bill. I thank him for his foresight, for his courage, and for his honesty.

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Mr. CARPER. Mr. Speaker, I am lost for words. I thank the gentleman from Louisiana for his kind words.

Many members of our committee, and especially the gentleman from Louisiana [Mr. ROEMER], have played a part in the adoption of the positive provisions in this bill. We still have a great deal of work to do, though, and my hope is that between now and March 1, 1988, we will put our shoulders to the yoke and get that job done.

Mr. QUILLEN. Mr. Speaker, I yield 6 minutes to the gentleman from California [Mr. MCCANDLESS].

Mr. MCCANDLESS. Mr. Speaker, the situation is this: There are a number of savings and loans across the country that, for one reason or another, should be closed. But they can't be closed because the Federal Savings and Loan Insurance Corporation—better known as FSLIC—does not have the resources to close them and payoff their depositors. Consequently, these troubled institutions are losing money at a rate of $6 to $10 million a day. What is needed is an infusion of money into FSLIC which can be used to pay depositors so that thrifts which have no hope of becoming solvent, can be closed.

There are two ways to put money into FSLIC. The first would be to use the taxpayers' money. The second is a self-help plan; a rescue financed by the industry that has benefited and profited from FSLIC insurance. Those are the only options. H.R. 27 is the latter. Not $1 of taxpayers' money is involved.

There are some who have couched this debate in terms of protecting a particular region or even a specific State. However, that view is extremely nearsighted. This legislation is designed to shoreup the insurance fund. If FSLIC goes under, and depositors start losing their money, panic will not stop at the State line. Nor is it likely to stop with thrifts. Depositors will also race to banks and credit unions to withdraw their life's savings. In short, our entire system of banking could collapse, and the disaster would be nationwide.

I was one of the six people who voted against H.R. 27 when it was before us in May. I thought the bill was woefully inadequate to accomplish its purpose of rescuing FSLIC. I didn't see any logic in passing a bill that wasn't going to work.

The legislation before us now—the conference report—is much improved, and I am going to support it. The conferees have crafted a compromise that, while certainly not perfect, will be a major step toward restoring solvency to FSLIC. Time is absolutely critical. FSLIC, and the people who have their money in savings and loans, simply cannot afford to wait for a perfect bill.

Throughout the process, I have stated repeatedly that my preference was for a clean bill—one that dealt only with FSLIC. That was the House's position, and, if the other body had acted likewise, FSLIC recapitalization would have been signed into law months ago. Instead, the other body chose to use the FSLIC issue as a vehicle to address a number of complicated and controversial banking issues. Many of these issues have paralyzed the banking committees and kept them from acting on comprehensive banking reform legislation, so perhaps it is not all bad that H.R. 27 will break the logjam.

H.R. 27 should not be viewed as a reversal of efforts to deregulate banking. It does put on hold, for 7 months, the Federal Reserve Board's approval of expanded securities powers for banks. However, in all likelihood, even without the moratorium, the courts—not Congress—would prevent the banks from exercising those powers while they grapple with the question of whether or not the Fed has exceeded its authority.

If we are going to allow banks to engage in securities activities, then Congress—not the Fed—should repeal the Glass-Steagall Act. Glass-Steagall is the law, passed in 1933, that mandates a separation between banking and the securities business. Repealing the law by default or regulatory fiat is not acceptable.

Our system of banking has evolved into a patchwork quilt of confusing, and in some instances, antiquated and contradictory laws. There is no question that a complete review and overhaul is needed. Over the next 7 months we can continue the comprehensive analysis of financial industry law. We need to put everything on the table and start from scratch. We need to determine what type of financial institutions we want to have. We need to decide what powers and what limits those institutions will have. We must also address the role of the Federal Government—in the form of Federal deposit insurance, and what effect it will have on an institution's powers and services.

The first, and most important step at this point, is solving the FSLIC crisis. The conference report will begin that process. Therefore, I urge my colleagues to join me in supporting it.

Mr. QUILLEN. Mr. Speaker, I yield 4 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Speaker, I rise today in strong support of the conference report on H.R. 27, the Competitive Equality Banking Act. This bill has been in the works for over a year now and the time has come to get on with our responsibility and pass this legislation.

I want to commend the conferees, the respective chairmen and ranking members, and the administration for their work on this bill. I also want to especially commend the Treasury Department and Jim Baker in particular for his leadership, tenacity, and farsightedness. This bill represents a giant step forward in addressing the key issues in the financial world. It is a major achievement in dealing with a potential crisis in the savings and loan industry and resolves the problem in a creditable way.

It is not often that three independent Government agencies reach the same conclusion about how best to solve a problem. However, in the case of FSLIC recapitalization, the Treasury Department, the Federal Home Loan Bank Board which oversees FSLIC, and the General Accounting Office, not to mention the Speaker of the House, the chairman of our committee, and the ranking Republican, all agree. We actually need at least $15 billion to adequately recapitalize the FSLIC.

However, today I will strongly support the $10.8 billion for FSLIC, if that was the highest amount to which the conferees could agree. However, it may be that at some point in the not too distant future, we will meet here again to consider another FSLIC funding bill.

The problems of FSLIC are varied. From risky real estate lending during boom times, to trouble in the energy and agricultural sectors of our country, a growing number of savings and loans are experiencing trouble in maintaining their net worth. Let me state unequivocally, however, that the S&L's in my State of New Jersey are for the most part very healthy, well-managed, and profitable. Unfortunately, their colleagues in other States have been neither so fortunate nor so prudent. But this is a national insurance program and demands support.

Here is the situation in its starkest terms. The industry has almost $1 trillion in deposits. As of the third quarter of 1986, 446 thrift institutions were insolvent according to generally accepted accounting principles. These held $112.7 billion in assets and were losing $5 billion per year. The most recent General Accounting Office information indicates that FSLIC's loss for 1986 will be close to $11 billion and that its deficit will be in the $6 billion range. FSLIC is currently insolvent.

It is central to the recapitalization proposal that it be enough to restore long-term confidence amongst investors because over half of the necessary money must come from the capital markets. The financing corporation created by this legislation must sell bonds in the bond market to raise the necessary funds.

We need an adequate level of recapitalization to restore confidence for a second reason as well. We want to return to a healthy S&L system. That means attracting new investors into

the industry, as well as just selling the bonds for the new financing corporation. We also need depositors to feel secure in their actions. Already I have gotten letters from constituents who ask whether they should withdraw all their money from their local savings and loan. Many are not aware of the difference between a funding problem with FSLIC and the failure of an S&L. A rejection of this recapitalization proposal would send an avoidable, and therefore unnecessary, signal of fear and hesitancy into the financial world.

I know that the healthy savings and loans do not want to continue to pay the special assessment to cover the losses of the S&L's which have gotten themselves into trouble. I can certainly understand their concern. However, the history of Federal deposit insurance in this country is that it has always been a nationwide, industry-supported fund. It would make no sense to abandon this system just when we need it the most.

All FSLIC-insured savings and loans have benefited for years from the public confidence in the FSLIC system. I am sure that if that sign they all have in their window that says "Member—FSLIC" were suddenly taken away or lost its meaning, they would feel quite clearly just how valuable a sound FSLIC insurance system is to them.

I also realize that this is their money we are using to recapitalize the system, and not taxpayers' money. Therefore they want us to spend it prudently. I agree, but I think that to ensure that we do not have taxpayer money bail out the FSLIC insurance system or have to consider merging FSLIC into the FDIC, we should follow the advice of the experts and take the strongest action we can to restore safety and soundness to the system.

The House last year passed a $15 billion recapitalization bill and the situation has only gotten worse since then, with more S&L's in trouble and FSLIC with lower and lower reserves. The $10.8 billion in this conference report has been accepted by the President and his advisers. We must act decisively and quickly to recapitalize FSLIC with enough money to do the job and not postpone the inevitable.

Mr. Speaker, the conference report before us also encompasses other key banking provisions. First, the bill establishes a moratorium until March 1, 1988, on the authorization by the Federal banking regulators of any new securities, insurance, or real estate powers.

Everyone can agree that our financial institutions and the financial markets are changing rapidly. This clearly means that Federal legislation must carefully forge new relationships. This bill should be considered an impetus for the House and Senate Banking Committees to begin serious discussion and serious legislative work to address the competitive concerns facing our financial community.

It is long past time for Congress to thoughtfully examine the state of the financial industry. For far too long the Congress has left the determination of policy in this area to the courts and regulators. We must ensure an American financial industry that is healthy, safe, and sound, one that is competitive with the rest of the world, where participation is not limited to a few financial conglomerates, and where the rules are equitable and clearly defined.

It is the responsibility of Congress and not the courts, the regulators, not the States, to set comprehensive Federal banking policy in this country. I believe that we must also look at broader trends in the financial world. Barriers between different financial industries are being broken down every day both here and abroad.

There are serious competitive issues to be discussed. There are continuing and unrelenting conflicts between various sectors of the financial world. The titans of the industry are moving quickly to respond to the evolving financial marketplace and the competitive forces of the global financial marketplace. The issues at hand are not simple and do not lend themselves to simple solutions. We definitely have our work cut out for us, but it is work from which we must not shrink.

In that regard, I strongly urge our distinguished chairman to hold comprehensive hearings on competition within the U.S. financial industry and our place in the global financial markets. I hope that the hearing we just had with Paul Volcker, outgoing Chairman of the Federal Reserve Board, was a start in that direction.

I am also pleased to see that the conferees were able to come to agreement on the check-hold provision to limit the amount of time that financial institutions can hold a check before it is credited to a customer's account. I have spoken strongly in favor of this before. I believe that the compromise worked out in the conference report will be of great assistance to consumers while being fair and reasonable for the banks.

Mr. QUILLEN. Mr. Speaker, I urge adoption of the rule and of the conference report when it comes before us.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. PEPPER. Mr. Speaker, as our last speaker, I yield 2 minutes to the able gentleman from Kentucky [Mr. HUBBARD].

Mr. HUBBARD. Mr. Speaker, I rise in support of the bill before us today. As one of the conferees on this legislation, I can tell my colleagues that it is the product of long and sometimes difficult negotiations and deliberations. We have resolved a wide range of complex issues and have committed to further consideration within the coming year of many others. This product deserves the support of every Member.

I would like to make clear the intent and application of several provisions of particular importance. First, I am gratified that the conference has arrived at an equitable resolution of the FSLIC secondary reserve problem on which my General Oversight and Investigations Subcommittee held hearings in June of this year. The secondary reserve was always intended to be treated as an asset of the institutions that contributed it, and this bill makes clear the intent of Congress that it continue to be so treated. Section 307 provides for the return of the secondary reserve to those institutions through offsets against special assessment premiums over the course of approximately 6 years. For institutions that, for their own business purposes or through merger or acquisition, exit the FSLIC, the secondary reserve offset provided by section 307 could be applied against those special assessment premiums paid as part of the exit fee. I applaud the conference for its recognition of the inequity of confiscating the funds contributed to the secondary reserve.

Second, I want to make absolutely clear the intent of this legislation on the question of exists from the FSLIC. There is a 1-year moratorium preventing any new plans to exist from being actually implemented. Following that period, the legislation provides in section 302, as an upper limit on the barrier to exist, a fee of twice the regular annual premium and twice the special assessment premium assessed under section 404 of the National Housing Act. The Bank Board should not use its recently asserted authority over exists from the FSLIC under its rule on transfer of assets of insured institutions as a means for unreasonable delay or to extract from institutions seeking to exist financial concessions in addition to the exit fee authorized by this legislation. Once the moratorium on exits expires, institutions that qualify for FDIC coverage and that pay the exit fee should be allowed to make the transition with a minimum of regulatory delay.

On another matter relating to thrifts, particularly savings banks, covered by FDIC, the legislation resolves only part of an ongoing dispute concerning Federal regulation of State-chartered institutions. Section 101(d) directly authorizes State-chartered savings banks established on or before March 5, 1987, to exercise all of the noninsurance powers granted to them by State law without restriction by the Federal Reserve Board under the Bank Holding Company Act. The section is silent and takes no position on

the question of the exercise of State-granted powers by newly formed savings banks. The legislation does not intend by its silence to resolve the question by negative inference. This legislation grants no new authority to the Federal Reserve Board or other Federal banking agencies to restrict State-chartered institutions in the exercise of powers granted by the States.

Third, this legislation takes an important step forward in the section 402 provisions directing the Federal Home Loan Bank Board to move toward generally accepted accounting principles. The approach is a sensible one and takes specific note of the importance of both subordinated debt and goodwill to the thrift industry by specifically indicating that they may contribute to be included in computations of capital. With regard to the treatment of subordinated debt, the Federal Home Loan Bank Board should take particular note of Congress' intent not to remove it from the computation of capital. Particularly, as the board implements the provisions of section 406 mandating new minimum capital requirements it should recognize that it is the intent of Congress to allow subordinated debt to continue to be counted, without reduction, toward meeting capital requirements set for the thrift industry.

Fourth, the provision of section 406 that grants to the Bank Board new authority to establish minimum capital requirements on a case-by-case basis is intended to be implemented with the greatest of caution. There is very serious potential for abuse of such authority. The Congress does not intend to grant to the Bank Board the authority to single out individual institutions and create for them capital requirements that are significantly higher than those of the industry as a whole. Further, it is our intent that the Bank Board develop by rulemaking the guidelines that will be followed in exercising this extraordinary authority.

Finally, the legislation mandates an important step forward in providing opportunities to resolve important disputes between thrift institutions and the examination and supervisory personnel of the bank board. Section 407 directs the bank board to establish an informal process for appealing those disputes to the principal supervisory agents. While no right to review by the bank board itself is permitted by this provision, the bank board is not precluded by anything in this legislation from exercising its discretion as head of the Federal Home Loan Bank System to continue to monitor and review the decisions of the examiners and supervisors. Moreover, the bank board should examine several important issues in the rulemaking establishing this appeals process. At the very least, the affected public should be asked to comment on, preferably in public hearings, the manner in which this appeals process relates to the other processes by which the bank board regulates; how to resolve potential inconsistencies between districts; when the failure to arrive at a timely supervisory or examination decision should itself be reviewable; and such implementation matters as the board sees fit. In order to derive the greatest possible benefit from this appeals process, the board should begin this rulemaking as soon as possible.

Mr. Speaker, I believe the conference has produced legislation that will lead to the resolution of the growing depositor concern over an inadequate insurance fund at the FSLIC. I believe that the healthy majority of the thrift industry, who will bear the cost of the FSLIC recapitalization, will now have the chance to demonstrate their continued importance to the vitality of our economy without a cloud of inadequate insurance hanging over them. For these reasons, especially, I urge my colleagues to support this legislation.

As the final speaker prior to a vote on the rule for H.R. 27, I urge my colleagues to vote yes for the rule and later "yes" on final passage of this important legislation.

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Mr. PEPPER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ST GERMAIN. Mr. Speaker, pursuant to the provisions of House Resolution 236, I call up the conference report on the bill (H.R. 27) to facilitate the provision of addition financial resources to the Federal Savings and Loan Insurance Corporation and, for purposes of strengthening the reserves of the Corporation, to establish a forbearance program for thrift institutions and to provide additional congressional oversight of the Federal Home Loan Bank Board and the Federal home loan bank system, and against the consideration of such conference report.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. GRAY of Illinois). Pursuant to House Resolution 236, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the CONGRESSIONAL RECORD of Friday, July 31, 1987, at page 21633.)

The SPEAKER pro tempore. The gentleman from Rhode Island [Mr. ST GERMAIN] will be recognized for 30 minutes and the gentleman from Ohio [Mr. WYLIE] will be recognized for 30 minutes.

PARLIAMENTARY INQUIRY

Mr. LAFALCE. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. LAFALCE. Mr. Speaker, does the gentleman from Ohio [Mr. WYLIE] oppose the conference report?

The SPEAKER pro tempore. The Chair would propound the question. Does the gentleman from Ohio oppose the conference report?

Mr. WYLIE. Mr. Speaker, I favor the conference report.

Mr. LAFALCE. Mr. Speaker, I oppose the conference report and would request the ability to manage 20 minutes in opposition to the conference report.

The SPEAKER pro tempore. Without objection, the gentleman from New York [Mr. LAFALCE] will be recognized for 20 minutes, the gentleman from Ohio [Mr. WYLIE] will be recognized for 20 minutes, and the gentleman from Rhode Island [Mr. ST GERMAIN] will be recognized for 20 minutes.

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Rhode Island [Mr. ST GERMAIN].

Mr. ST GERMAIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we are considering a vital piece of legislation—the conference-reported bill, H.R. 27, the Competitive Equality Banking Act of 1987.

It can be said that the value of any legislation can be gauged by the direct and immediate impact and benefit it will have on the American consumer. The least mentioned portions of the bill dealing with expedited funds availability; the congressional declaration reaffirming full faith and credit in federally insured depository institutions; the title allowing loan loss amortization for agricultural banks; the requirement of a study on Government check cashing; and the title relating to the depositors of Golden Pacific National Bank demonstrate the unique compassion of the House in fashioning consumer-oriented legislation.

The expedited funds availability title, title VI, which requires depository institutions to make funds available within certain set prescribed periods of time, is hopefully about to become law. It has been conservatively estimated that banks make $290 million per year on the float and $3.4 billion per year in fees for checks returned for insufficient funds—clearly, the consumer needs a break here from the use of their hard-earned funds by banks playing the float game. The time has finally arrived to enact this long overdue title of the bill.

Title IX, relating to a reaffirmation of the full faith and credit of Congress for deposits in federally insured depository institutions, is as important as any provision in this legislation. I believe it will go far in allaying the fears of any person concerning the safety of deposits in savings and loan institutions. The House and the Senate passed similar language in the form of a concurrent resolution in 1982.

Title VIII, loan loss amortization for agricultural banks, has been considered by the Banking Committee in the last two Congresses. It is a recovery provision for agricultural banks, comparable, in effect, to the recovery title for savings and loans. It will help alleviate the difficulties in the agricultural sectors of the economy for any bank that can demonstrate that its difficulties are primarily attributable to economic problems beyond the control of management.

Originally a requirement to cash Government checks, controversy surrounding title X has been alleviated by the substitution of a study for the Senate's mandatory provisions. I was disappointed that a consensus has still not emerged for a government check cashing requirement.

And finally, the depositors at the former Golden Pacific National Bank who held so-called yellow certificates of deposit are to at last be given interest on these deposits. They waited for 16 months after the closing of the bank before being paid off by the Federal Deposit Insurance Corporation. The Subcommittee on Financial Institutions held emotional hearings in 1985 and heard testimony by the use of interpreters from non-English-speaking Chinese-American depositors of that bank—an example of an interest group not often heard from by the committee but, certainly, no less deserving than our other witnesses.

Unfortunately, many Members of Congress have been or will be told that the House conferees caved in completely to the Senate, and that most of the items contained in this legislation have never been considered previously by either the House Banking Committee or the full House. This statement is not correct. At least 7 of the 12 titles of the bill have previously been dealt with by the House Banking Committee or the full House.

Other titles of the bill concerning nonbank banks; the moratorium on the expansion of bank activities in insurance, real estate and securities; the FSLIC recap; forbearance for well-managed, viable savings and loans; and the regulators' bill are all familiar and understood subjects by virtue of previous congressional action.

The FSLIC recapitalization, which is title III, was considered thoroughly by the Banking Committee and acted upon by the House in both the 99th and 100th Congresses. Legislation passed the House on October 6, 1986, providing for $15 billion in bond issuance authority. Regretfully, it was not acted upon by the Senate until the closing hours of the last Congress and then in a form totally unacceptable to the House. This required starting recapitalization anew in the 100th Congress.

I felt the $5 billion amount reported by the committee to be inadequate due to the worsening situation updated by GAO. Efforts by the Speaker and me to increase the $5 billion amount to $15 billion on the floor of the House on May 5 were defeated as a result of opposition by the U.S. League of Savings Institutions. It must be pointed out that the higher $15 billion amount has been consistently supported by the Federal Home Loan Bank System—the very organization whose funds will be used in the recapitalization of FSLIC and whose regional banks include directors who are either working in the industry successfully or concerned individuals very familiar with it.

As for title I of the bill, the nonbank bank title, similar legislation on this extremely controversial title was reported out of the Banking Committee in the 98th Congress as H.R. 5916, upon which we requested a rule in the closing days of that Congress. We reported a modified version, H.R. 20, early in the 99th Congress and again requested a rule. The grandfather date in the current title I has reduced much of the controversy, although some still remains. Certainly, the issues are well-known to the Banking Committee and to other Members, as well.

Title II provides for a moratorium on domestic and foreign banks and bank holding companies operating in the United States from engaging in the business of securities as defined in the Glass-Steagall Act; from engaging in the business of insurance, except as now provided in law; and from engaging in real estate activities which is an issue now being considered by the Federal Reserve Board. The moratorium which begins on March 6, 1987, will end March 1, 1988. This time period will permit the commencement of hearings and the consideration of proposals on these highly controversial issues.

Title IV establishes a process whereby savings and loans which are well managed, but are in trouble because of an economic slump in their region, can be kept in business until economic recovery occurs in their area. The House also included a provision applying such recovery provisions to minority-owned savings and loans. The objective of the title is to enhance the long-term viability of the thrift industry while reducing the overall cost to FSLIC.

Title V, the so-called regulators' bill, was also passed by the House as part of the FSLIC recapitalizaton bill last year in a somewhat stripped-down form.

Mr. Speaker, while much of the controversy surrounding this legislation has centered around dollar amounts and nonbank banks, let us not lose sight of the other very positive provisions of the bill which have a direct effect on the consumer. The importance of expedited funds availability, full faith and credit in our depository institutions, and other initiatives to help the areas of the country hard hit by difficulties in agriculture, energy and real estate cannot be overstated.

After much publicized negotiations with the administration, three adjustments were made in the bill. They are as follows: First, an increase in the dollar amount of the FSLIC recapitalization to $10.825 billion; second, a sunset of certain of the recovery sections in title IV until the financing authorization has been fully exercised; and third, changes to title I to permit the FSLIC to sell large failing savings and loans to a wide variety of companies. Clearly, today's FSLIC crisis permits no further delay as a veto would have caused. The conference was reopened last week for the purpose of considering the administration's proposal. The conferees agree and I urge the House to accept the conference report.

Finally, there was an inadvertant omission in the statement of managers concerning the status of women in certain minority provisions. It is the clear intent of the conferees that women be included as minorities, and that women benefit from the minority provision in the public offering of financing corporation securities.

Mr. Speaker, I submit for inclusion in the RECORD the following information:

The bill contains the following titles:

TITLE I—COMPETITIVE EQUALITY AMENDMENTS

Title I closes the nonbank bank loophole in the Bank Holding Company Act by redefining the term "bank."

Currently, the Act defines a bank as an institution that meets a two-part test: it must both accept deposits that the depositor has a legal right to withdraw on demand, and be engaged in the business of making commercial loans.

This title redefines the term "bank" to include an FDIC-insured institution whether or not it accepts demand deposits or makes commercial loans. The new definition also includes non-FDIC insured institutions that both accept demand deposits or transaction accounts and are engaged in the business of making commercial loans.

Title I maintains the express exclusions from the definition of "bank" found under current law for FSLIC-insured or federally chartered thrift institutions. In addition, limited exceptions are provided for credit unions, credit card banks, industrial banks, industrial loan companies and other similar institutions.

A company which acquired a nonbank bank after March 5, 1987 must immediately comply with the Bank Holding Company Act or divest its bank subsidiary. However, companies that acquired nonbank banks on or before March 5, 1987 are given grandfather rights so long as they do not directly or indirectly either (1) acquire control of an additional bank or thrift; or (2) acquire more than 5 percent of the shares or assets of another bank or thrift institution.

Restrictions on the activities of grandfathered nonbank banks are imposed, causing a company to lose its grandfather rights and thereby become subject to the Bank Holding Company Act if the nonbank bank (1) engages in any activity in which it was not lawfully engaged as of March 5, 1987; (2) offers or markets products of services of an affiliate not permissible for bank holding companies, or permits its products or services to be marketed by or through an affiliate engaged in impermissible nonbanking activities—unless they were being offered or marketed as of March 5, 1987, and then only in the same manner; (3) permits any overdraft; or (4) increases its assets by more than 7 percent per year beginning 1 year after date of enactment.

In order to lessen the risks of conflicts of interest, unsound banking practices, unfair competition, and the lack of impartiality in the credit granting process, joint marketing and anti-tying restrictions of federal banking statutes between a grandfathered company and its nonbank bank affiliate are also imposed.

Certain sections of the Glass-Steagall Act prohibiting affiliation and employee interlocks with securities companies are extended to insure thrift institutions. Title I also extends the Savings and Loan Holding Company Act's restrictions to unitary savings and loan holding companies that do not meet the "qualified thrift lender" test, defined in this title to require that savings and loans maintain 60 percent of assets in housing and related activities.

Adopted amendments by the conferees included adjusting the amounts of advances a thirft institution may receive from the Federal Home Loan Bank System based on its compliance with the qualified thrift lender (QTL) test.

Other provisions of title I would: (1) drop restrictions on acquisitions of failing S&Ls (over $500 million in assets) by holding companies owning nonbank banks, and (2) remove Glass-Steagall restrictions on the types of purchasers allowed to acquire failing savings and loans. The effect would be to allow any entity to purchase failing savings and loans with over $500 million in assets. Glass-Steagall limitations on the purchase of any savings and loan would expire in 1988.

Title I represents the culmination of many hours of hard work and several days of legislative hearings over a number of years by the House Banking Committee. As early as June 1983, the Committee began reviewing nonbank bank legislation. On two separate occasions the Committee reported out legislation which would have closed the nonbank bank loophole. H.R. 5916, which was ordered reported out by the Committee on June 26, 1984, and H.R. 20, the Financial Institutions Equity Act of 1985, which was ordered reported on June 12, 1985, demonstrate the determination and commitment of the House Banking Committee to correct a loophole in our banking statutes which could have an adverse impact on the safety and soundness of our financial institutions. Unfortunately, those two bills never reached the House Floor for consideration.

TITLE II—MORATORIUM ON CERTAIN NONBANKING ACTIVITIES

Title II imposes a moratorium on certain securities, insurance and real estate powers of bank holding companies and banks by prohibiting Federal banking agencies from taking final action to approve any rule, regulation or order having the effect of increasing the above enumerated powers during the moratorium period. The moratorium is retroactive to March 6, 1987 and ends on March 1, 1988, in order to permit the commencement of hearings and the consideration of proposals on these topics.

In addition, this title prohibits foreign banks and foreign companies controlling foreign banks from expanding their grandfathered activities under the International Banking Act by acquisition, and applies the moratorium to these entities as well. Also, the grandfather rights of such a foreign entity terminate if it acquires a United States bank and thereby becomes a bank holding company.

Certain amendments to the Bank Holding Company Act are also included in this title such that a foreign bank or bank holding company that is "principally engaged" in business outside the United States would be generally prohibited from engaging in any banking, securities, insurance or other financial activities within the United States.

In addition, this title calls for the two Banking Committees to conduct a comprehensive review of our banking and financial laws and to make decisions on the need for financial restructuring legislation in the light of today's changing financial environment, both domestic and international, before the expiration of the moratorium. Further, it should be noted that it is the intent of the Congress not to renew or extend the moratorium established under this title.

As evidence of our intent to carry out this congressional mandate, it should be noted that the House Banking Committee on July 30, 1987 began hearings on this subject. Our first witness was the outgoing Chairman of the Federal Reserve Board, Paul Volcker, who testified on a number of issues, including the globalization of financial markets and corresponding effects upon United States markets and financial institutions. (See attached memorandum of July 24, 1987, to All Members, Subcommittee on Financial Institutions Supervision, Regulation and Insurance, from Fernand J. St Germain, Chairman, entitled Scope of International Banking Hearings.)

This country historically has separated banking from commerce and, over the past 50 years, a national legislative framework has been developed that broadly regulates the business of banking in the United States. Banks and thrift institutions occupy a special place in the American economy. Therefore, the Federal Government (with full recognition of the importance of the dual banking system) has taken significant steps over the past five decades to regulate the activities of banks and thrifts and those entities which seek to control them.

As indicated, the changing financial environment necessitates a comprehensive review. However, it must be emphasized that in meeting the challenges of this new financial environment, we must never forget that our legislative efforts must be directed to ensure that the safety and soundness of this nation's financial institutions is preserved, that conflicts of interest are prevented, and that the resources available to those institutions are directed toward socially responsible activities such as the provision of adequate housing for American families.

TITLE III—FSLIC RECAPITALIZATION

Title III provides for a $10.825 billion recapitalization plan which employs the funding mechanism proposed by the Treasury Department. This title also includes an annual borrowing cap of $3.75 billion. This title provides a formula for crediting to certain savings and loans the FSLIC secondary reserve of $824 million. The financing mechanism used to raise these funds has been deemed to be off budget by the Congressional Budget Office.

As has been said on past occasions on the Floor of this House—More specifically on May 5 of this year and October 7, 1986—the FSLIC recapitalization plan is "must" legislation. Title III is a recognition of the serious drain on the Federal Savings and Loan Insurance Corporation from its attempts to deal with the problems of the savings and loan industry. Although estimates differ as to the amount of new funds that FSLIC needs, there is no disagreement that new funding sources are necessary to supplement the current deposit insurance base.

The compromise agreed to between the conferees and the Administrtion, which would increase the borrowing authority of the FSLIC Financing Corporation to $10.825 billion from the $8.5 billion agreed to in conference, will go a long way to stabilize the precarious condition that now exists regarding the FSLIC insurance fund. Continued monitoring by the General Accounting Office indicates that $10 billion in new financing is necessary and will allow FSLIC to begin actively resolving troubled institutions' problems.

The Bank Board is now closely monitoring 383 troubled institutions with total assets of $137 billion. The Bank Board estimates that these institutions have net operating losses of nearly $10.8 million a day, or nearly $4.0 billion per year. FSLIC losses resulting from assistance provided to institutions have increased dramatically, from $23 million in 1980, to $10.8 billion in 1986.

Compliments to the members of the Federal Home Loan Bank Board System are in order. The recapitalization plan is an industry self-help program which does not involve taxpayers' funds. The plan requires each of the 12 regional Federal Home Loan Banks (which are composed of savings and loan associations) to invest in the newly created "Financing Corporation," which in turn will be required to invest in the Federal Savings and Loan Insurance Corporation. Long-term bonds would be issued in the private capital markets and would be secured by zero coupon obligations bought by the Financing Corporation which would be equal at maturity to the total amount of debt issued by the Corporation.

The Financing Corporation will be under the management of a Directorate composed of 3 members, 1 of whom will be the Director of the Office of Finance of the Federal Home Loan Banks or his successor, and 2 of whom will be selected by the Federal Home Loan Bank Board from among the presidents of the FHLBanks. The Corporation will have no paid employees and the Directorate can, with the approval of the Board, authorize the officers, employees or agents of the FHLBanks to act on its behalf. All administrative expenses of the Financing Corporation will be paid by the FHLBanks.

The Corporation is given the power to issue obligations in the form of nonvoting capital stock to the FHLBanks; to invest in any securities issued by FSLIC; to borrow from the capital markets; to impose assessments; and to exercise incidental powers necessary to carry out the provisions of this title.

The conference-reported bill contains a provision which requires the Chairman of the Board and the Directorate of the Financing Corporation to insure that the minority-owned or minority-controlled commercial banks, investment banking firms, underwriters, and bond counsels throughout the United States have an opportunity to participate significantly in any public offering of bond obligations.

Title III authorizes the Financing Corporation to impose assessments on each FSLIC-insured institution. The Financing Corporation is authorized to assess each institution insured by the FSLIC an amount for each semiannual period equal to an amount not to exceed one-twelfth of 1 per cent of the total amount of all accounts of the insured members of such institution on an annual basis. An additional assessment may be imposed for exceptional circumstances.

The Financing Corporation, with the approval of the Board, is required to assess an exit fee on any insured institution which ceases to be an institution insured by the FSLIC. Such fee of "2+2" (2 times a thrift institution's annual premium and 2 times its special assessment) would be imposed. However, such an exit fee will not be imposed on certain institutions which, on or before March 31, 1987, have been converted into, merged with, or acquired by an FDIC-insured institution, or which have filed an application or notice of intent to convert. A one-year moratorium beginning on the date of enactment, during which no insured institution may voluntarily leave the FSLIC, was adopted by the conferees.

A Federal Savings and Loan Insurance Corporation Industry Advisory Committee will be created to review and make recommendations concerning the Board's activities, expenditures and receipts. The Financing Corporation will terminate no later than the earlier of (1) the date by which all stock purchased by the Financing Corporation in FSLIC has been retired; or (2) December 31, 2026.

The conferees adopted an amendment offered by the House which permits insured institutions to offset against assessments the amounts that were previously part of the so-called "secondary reserve." Institutions would be permitted to reduce or offset, with certain limitations, the amount of premiums they would otherwise pay to FSLIC each year.

TITLE IV—THRIFT INDUSTRY RECOVERY PROVISIONS

A thrift industry recovery proposal was adopted for troubled but well-managed and viable thrifts to provide capital forbearance for institutions in those areas of the country which have weakened economies due to difficulties in the energy, agriculture and real estate markets. The overall objective of this title is to maximize the long-term viability of the thrift industry at the lowest overall cost to the FSLIC. Therefore, title IV's provisions require the Federal Home Loan Bank Board (Bank Board) to promulgate thrift accounting requirements consistent with Generally Accepted Accounting Principles (GAAP), or GAAP as modified by the commercial bank regulators, and establish an appeals process for the timely review of grievances related to the determination of appraisals, asset classifications, and loss allowances.

Title IV provides for audits of the Federal Asset Disposition Association by the General Accounting Office; new appraisal standards consistent with the practices of commercial bank regulators; increased utilization of minority thrifts as depositories for government funds; improved disclosure and control of outside consultants, counsel, and contractors; oversight and reporting requirements; and authority for the Bank Board to establish capital requirements consistent with the commercial bank regulators.

The conferees also agreed to a sunset of portions of title IV, relating to certain capital forbearance and other provisions. The sunset would take effect when the Financing Corporation borrows the last of the $10.825 billion that it is entitled to borrow as a result of the compromise agreement. (With the $3.75 billion annual borrowing cap, the sunset could not occur for at least 2.5 years.)

The expiration of these provisions at the end of the sunset period would not, however, affect the authority of the Federal Home Loan Bank Board or the FSLIC under other provisions of law to prescribe rules or regulations in the areas covered by these provisions.

TITLE V—FINANCIAL INSTITUTIONS EMERGENCY ACQUISITIONS

The conferees agreed to language which is essentially the "Regulators' bill" of last year. This title basically permits emergency interstate acquisitions of banks "in danger of closing" which have assets of $500 million or more. It also permits the acquisition of 2 or more affiliated banks in danger of closing, if they have aggregate total assets of $500 million or more and if these total assets are equal to or greater than 33% of the aggregate total banking assets of the parent bank holding company. A new vehicle called a "bridge bank" is also established enabling the FDIC to bridge the gap between the failed bank and a satisfactory purchase and assumption or other transaction that cannot be accompanied at the time of the failure. The title also exempts the banking regulators from apportionment and sequestration by the Office of Management and Budget and extends title I (FDIC and FHLBB amendments, and credit union amendments giving the NCUA conservatorship authority) of the Garn-St Germain Act permanently, and title 2 (net worth certificates) of that Act for no more than 5 years.

TITLE VI—EXPEDITED FUNDS AVAILABILITY

The conferees agreed to an expedited funds availability title requiring depository institutions to make funds available for deposits within certain specific time frames. A final schedule and an interim schedule were agreed to. Essentially, the final schedule to be implemented within 3 years after enactment is one intervening day for local checks, and 4 intervening days for nonlocal checks. The interim schedule, which takes effect one year after enactment, is 2 intervening days for local checks and 6 intervening days for nonlocal checks until the permanent schedule takes effect. The House definition of "local check" was agreed upon, meaning a check from the same Federal Reserve check processing region. Special accommodations in this title were also made for cash withdrawals from deposits, and for funds availability generally for deposits made at automated teller machines (ATMs).

TITLE VII—CREDIT UNION AMENDMENTS

In addition to language in title V which grants the NCUA permanent conservatorship authority, the conferees agreed to language which streamlines and assists in the operations and regulation of credit unions, including extending the current 15-year limit for credit union home mortgage and home improvement loans. Another provision allows credit unions to pledge assets to secure certain governmental deposits.

TITLE VIII—LOAN LOSS AMORTIZATION

The conferees agreed to language allowing appropriate Federal bank regulatory agencies to permit any agricultural banks they supervise to amortize any loss on any qualified agricultural loan for any year between December 31, 1983, and January 1, 1992, over as much as a ten-year period, provided there is no evidence of fraud or criminal abuse on the part of the bank leading to the loss. Agricultural banks are defined as FDIC-insured institutions in areas economically dependent on agriculture that have assets of $100 million or less and which generally have 25 percent of their total loans in qualified agricultural loans.

TITLE IX—FULL FAITH AND CREDIT OF FEDERALLY-INSURED FINANCIAL DEPOSITORY INSTITUTIONS

The conferees agreed to language which declares that it is the sense of Congress to reaffirm that deposits up to the statutorily prescribed amount in federally insured depository institutions are backed by the full faith and credit of the United States.

TITLE X—GOVERNMENT CHECKS

The conferees agreed to require a General Accounting Office study on the issue of government check cashing, with a report due back to the Banking Committees within 6 months. Language limiting the life of a Treasury check, without affecting the underlying claim upon which the check was issued, was also adopted.

TITLE XI—INTEREST TO CERTAIN DEPOSITORS

This title requires the FDIC to pay interest to holders of "yellow certificates of deposit" issued by the former Golden Pacific National Bank.

TITLE XII—MISCELLANEOUS PROVISIONS

Language was agreed upon to examine all types of direct investments made by Federally insured institutions and the effect these investments have had on Federal deposit insurance funds. Such study, to be done by the GAO in consultation with other agencies, must be transmitted to Congress within 6 months of enactment.

I would like to add that it took a tremendous amount of time and staff work to put together H.R. 27, which is one of the largest banking bills which the Committee has ever prepared. I would like to acknowledge the contributions made by the following and thank them for their efforts: Dr. Paul Nelson, Richard L. Still, Jake Lewis, Lee Peckarsky, Earl Rieger, Gary Bowser, Christopher Tow, Ken Clayton, Jim Deveney, Steve Judge, Mary Lou Kelly, Julie Black, Maria Sanchez-O'Brien, and Ann Kline.

A tremendous amount of administrative support staff work was also done accompanying H.R. 27. I would also like to thank the following: Diane Hoag, Beverly Herring, Dorothy Vitale, Sylvia Smith, Stacey Hayes, Jill Delano, John Zimmerman, Tom Adams, and Matthew Maurano.

I would especially like to thank the House Legislative Counsel for banking issues,

James M. Wert, as well, for his expertise and effort in this process.

JULY 24, 1987.

MEMORANDUM

To: All Members, Subcommittee on Financial Institutions Supervision, Regulation and Insurance.

From: Fernand J. St Germain, Chairman.

Subject: Scope of International Banking Hearings.

Hearings will open on July 29 on a number of International Banking issues with testimony by outgoing Chairman of the Federal Reserve Board, Paul Volcker. It is anticipated that Chairman Volcker will discuss the globalization of financial markets and corresponding effects upon U.S. markets and financial institutions. It can also be anticipated that he will discuss continuing Third World debt difficulties and recently proposed governmental initiatives, as well as current major bank actions to increase reserves for future losses. International supervisory initiatives such as recent efforts to increase capital for multinational banking organizations will also be reviewed.

Hearings will continue after the August recess with overview testimony from international bank supervisors (representatives of the Bank for International Settlements) giving the Subcommittee a perspective on supervisory issues from the viewpoint of foreign central bankers. The competitive aspects of uneven international supervision and the difficulty of obtaining uniform agreements on basic definitions and approaches will be examined as a prelude to an examination of the doctrine of "national treatment" versus reciprocity.

Views of the Administration (Secretary of Treasury and State Department) will be presented as part of the overview phase of the hearings. The Baker plan and other Administration initiatives related to Third World Debt will be reviewed. Both State and Treasury will update the Subcommittee on the financial service industry portion of the current free trade zone negotiations with Canada. General testimony on the International Banking Act and the International Lending Supervision Act of 1983 will be presented as well.

Upon completion of the overview phase, oversight hearings will focus on the International Lending Supervision Act of 1983 and the International Banking Act of 1978. The General Accounting Office has been continuously examining the implementation of the 1983 Act and will provide introductory material describing the Act and an evaluation of its implementation. Both the Comptroller and the Federal Reserve Board will provide detailed testimony concerning the operation of both Acts. The subject of country risk standards, application and impact on capital adequacy standards will be examined in depth.

Oversight of the International Banking Act will focus on a number of issues of considerable importance. In view of present international market realities, one of the most significant matters will involve a reexamination of the rationale for permissive treatment of foreign banks insofar as nonbanking activity is concerned. The extent of this activity is unclear as is its competitive implication for United States institutions as well as the overall effect on the U.S. economy. Of central importance to the current "national treatment" versus reciprocity debate will be an intensive examination of the treatment of U.S. commercial banking organizations by foreign governments. Section 9 of the IBA requires that the Secretary of the Treasury, in conjunction with the Secretary of State, the Federal Reserve Board, the Comptroller of the Currency and the Federal Deposit Insurance Corporation, study and report to the Congress on . . . the extent to which . . . [U.S. banks] are denied, whether by law or practice, national treatment in conducting banking operations in foreign countries, and the effect, if any, of such discrimination on United States exports to those countries.

Of equal importance is the fact that in addition to the study, the Secretary of the Treasury was also directed to . . . describe the efforts undertaken by the United States to eliminate any foreign law or practices that discriminate against [U.S.] banks. . . .

Reports by the Secretary of Treasury dated September 17, 1979; July 5, 1984; and December 18, 1986 have been submitted. These reports will be reviewed and an opportunity accorded all interested parties, domestic and foreign, to testify.

The emergence of regional compacts for interstate banking has raised the question as to whether a conflict of laws issue is involved insofar as the equality of treatment embodied in Section 5 of the International Banking Act is concerned. Certain U.S. banking organizations that are owned 25 percent or more by a foreign bank are, it is contended, likely to become competitively disadvantaged in expansion opportunities as a result of such ownership. This issue will be explored through agency and interested party testimony.

An examination will be made of those countries that do not have a tradition of the separation of banking from commerce as does the United States. The availability and cost of services provided to the general public in such countries will be determined as will the competitive implications of banking/security institutions compared to U.S. banking organizations both abroad and in the United States. Of particular interest will be an examination of those foreign institutions with a grandfathered security position under the IBA.

An effort will be made to obtain foreign analysts as well as domestic witnesses as we begin an evaluation of the Glass-Steagall Act as a part of the Subcommittee's comprehensive hearings.

The rapid movement of capital today in world markets which often exceeds $1.5 trillion a day flowing through the New York Clearinghouse Interbank Payment System raises serious questions as to the potential impact on our payment system and on financial markets generally. Many observers have noted that the potential for a major shock to the credit system and to security markets clearly exists today. Any examination of our current statutory and regulatory system must of necessity give primary consideration to ways and means of insuring the safety and soundness of our payment system.

Witnesses representing our major money center banks, foreign supervisors and representatives of free world central banks will be requested to testify.

Mr. Speaker, I reserve the balance of my time.

Mr. WYLIE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, if the Members wanted to justify a "no" vote on the conference report, I could probably help the Members with 50 reasons to vote "no." But I can also give the Members at least 51 reasons as to why we should vote for this conference report.

The major reason to vote for the conference report is that it authorizes a $10.825 billion infusion of additional funds into FSLIC. This is absolutely crucial.

□ 1500

No one disagrees that FSLIC needs to be recapitalized. We may quarrel as to the proper amount, but even the U.S. League which opposed the higher $15 billion plan, agrees that FSLIC needs money, and now.

Right up there at the top as one of the reasons to vote for this conference report is the significant letter from Treasury Secretary Jim Baker to Chairman ST GERMAIN, and I quote:

> The President has authorized me to inform you he intends to sign H.R. 27 into law if the Congress presents him the bill with your proposed changes in three titles.

Now, the gentleman from New York [Mr. LAFALCE] made an unfortunate statement a little earlier, when he said the President agreed to sign the bill because he is a weak President. The President had a lot of reluctance about signing this bill, may I say to the gentleman, and Treasury Secretary Baker helped persuade him. I have got news for the gentleman from New York. At least one Member of the leadership of the other body thought a veto could be sustained to the original conference report. The gentleman from New York in a letter to his colleagues quoted from the Washington Post of July 5, 1987, in which it says that President Reagan should veto this bill.

The President intervened, a compromise was adopted, and on August 1 the Washington Post changed its position and now supports adoption of the conference report. The Post commented that this is not an ideal bill, but it is adequate and urged the Members of this body to pass it.

So I respectfully submit to the gentleman that the President helped shape this new conference report.

Actually, these changes were compromise changes negotiated between Treasury Secretary Jim Baker, Chairman ST GERMAIN, Senator PROXMIRE, Senator GARN, and I myself. I mention this to compliment Chairman ST GERMAIN, Senator PROXMIRE, and Senator GARN. They all gave a little and got a little, and Treasury Secretary Baker is to be commended. He was a class act throughout all these negotiations. I know there was a different view on the veto question, even within the administration, even after Secretary Baker was persuaded that with the additional three improvements, it was better for the President to sign H.R. 27.

We are dealing with an extraordinary situation. The whole process of legislating in an area such as FSLIC

recap and the delivery of financial services is complicated and uncertain. Closing the nonbank loophole, placing a moratorium on banks getting into the securities business, the insurance business, and the real estate business calls for important compromises. The whole process of necessity has to be one of compromise.

Whether we like it or not, the President is a key player, and frankly I did not relish the unpleasant task of voting to sustain a veto when I knew this legislation, especially the FSLIC recap provisions, was so sorely needed.

The bill the conference reported is not my favorite position. I would have preferred to be here with a clean FSLIC recap bill today. When the conference opened, I offered a motion that the House go to conference only on a clean FSLIC recap bill. My motion was defeated on an 8-to-11 vote.

When it became clear that the conference was going to deal with the full range of issues contained in the Senate bill, S. 790, every conferee was faced with many difficult choices, and although the conference report is not my favored position or Treasury Secretary Baker's favored position, or more importantly, President Reagan's favored position, it does strike an appropriate balance between the diverse competing interests affected by this legislation.

The $10 billion is halfway between the House position and the administration position on recapitalization. The $825 million added to the $10 billion represents refunds from the secondary reserve, paid into some 10 years ago by S&L's, to insure against prospective losses. The S&L's were promised that the money would be returned. It was in effect a loan. The S&L's never got their money back because FSLIC was going broke. Some marginal S&L's will be helped with this money, which is rightfully theirs. Congressman ANNUNZIO and I offered this as a bipartisan amendment in conference.

Closing the nonbank bank loophole is controversial. I happen to favor closing the loophole and feel strongly that the delivery of financial services has developed in a haphazard and dangerous way. Unfortunately, 168 nonbank banks are grandfathered in, but after the first year their growth will be limited to 7 percent of assets. These nonbank banks are providing services in direct competition with commercial banks, but are not subject to the same regulatory restraints. The banks and S&L's like this title.

Title II the banks do not like. It limits bank powers at a time when many, including the new Federal Reserve Board Chairman, Mr. Greenspan, and probably a majority of the Board favors granting banks additional powers.

This bill would require that Congress revisit the scene—now within 7 months—or all bets are off. The Fed would be free to determine if mortgage-backed securities, mutual funds, commercial paper or municipal revenue bonds, insurance powers or real estate investment powers are bank-related activities.

I think Congress should establish the guidelines; but as I say, our record on this issue is not very good. I think we are probably looking at a stalemate. I think it is important that we give ourselves more time, and this bill does that.

The forebearance section was a real hairshirt. This would allow some failing thrifts the opportunity to work their way out of their problems over a 3-year period of time. Then the forebearance provision sunsets. Again, I do not much care for forebearance, but this is a workable compromise.

The other controversial provision was the one dealing with the acquisition of failing thrifts of over $500 million in assets by grandfathered nonbank banks and securities firms. While the provision is unpopular with some, given the condition of FSLIC and the industry, I do not believe we can foreclose this possible additional source of capital for the industry.

So because of the critical need to recapitalize FSLIC and the pressure this bill can put on us to finally act to rationalize the structure of our financial services industry, I urge adoption of the conference report and hope that my colleagues will pass it today.

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I rise in opposition to the bill, and I yield myself such time as I may consume.

Mr. Speaker, I oppose the bill for both procedural and substantive reasons.

I discussed some of the procedural reasons during the debate on the rule. Although I was only able to discuss a few of the procedural difficulties, I will not take any more time discussing those difficulties.

Instead, I will now discuss only the substantive reasons for opposing the bill. First of all, as I said before, there are some good things and some bad things in this bill, at least from my perspective. There are some issues on which reasonable people can disagree.

Let us consider the recapitalization of FSLIC. Some individuals think it is too much, and some individuals think it is grossly inadequate. I happen to think it is inadequate, but that would not be reason enough for opposing the bill or vetoing the bill, other things being equal.

What concerns me more about the recapitalization of FSLIC than the amount are two factors. First, the forbearance provision, and second, the exist fees. I think my thoughts are fairly similar to the thoughts of the chairman on these issues, because I think he would have liked to have seen no forbearance language and stronger exit fees.

I will say this. The forbearance language that now exists is superior to the forbearance language that was in the original bill and especially that which was proposed initially in the House Banking Committee. But, we should not be in the business of regulating the regulators in this particular legislation. We should be in the business of giving stronger regulation to the S&L's that were doing some pretty bad deeds.

What concerns me about the exit fees is that after the initial moratorium, I am fearful that virtually all your healthy thrifts, who are being depended upon to finance this scheme, might leave the system immediately. I could be wrong on that, but I think it is a very big fear.

Let me go on, however, because I do not think that those reasons would be adequate to oppose the bill or to veto it. What are the reasons I think adequate for opposing or vetoing it?

Let me give you just a few of them. First, the whole subject of nonbank banks, or as I prefer to say, a limited service bank. You know, over the years I have yet to hear one difficulty that has been caused to one person, to one consumer, by a limited service bank. I am really not sure what the problem is that we are attempting to solve. No one today has said what the problem is with respect to such limited service banks.

In any event, we surely should have had separate consideration and vote on that.

A good many editorials have said that this particular provision, which is not a moratorium on such banks, it is a prohibition against them in the future, is anticompetitive and anticonsumer.

Admittedly, in this bill, we did grandfather all existing nonbank banks. But that raises the interesting question, if they are so bad, why do we not eliminate Sears? Why not eliminate J.C. Penny? At least insofar as their ability to have nonbank banks?

Well, they are providing a valuable consumer service. The consumers seem to like the service they are providing. So why prohibit future similar nonbank banks?

We did one thing in this bill, though, with respect to grandfathered nonbank banks that perhaps is the most obnoxious portion of the whole bill: We imposed a 7-percent limit on their ability to grow.

Now, I ask you, when before in the history of the Republic has the Congress saw fit to say to a business, any business, "You shall be able to grow, but by no more than 7 percent. If you

are $20 billion, you can grow by 7 percent. If you are $1 billion, you can grow by 7 percent."

So the issue is not the size of the institution. Why then any limitation, much less 7 percent in particular?

To me there is something obnoxious about that. It seems opposed to the capitalist system, opposed to the free enterprise system, for a law to be passed limiting a business' growth. There is something fundamentally wrong with that. Indeed, it is a vital assault on the free enterprise system.

Speaking about 7, there is another 7 figure in this bill that I find particularly bothersome, and that deals with agricultural banks. The agricultural banks have been having some difficulties, as have the S&L's, as have the energy banks, real estate banks, banks with Third World debt, et cetera; but the conferees saw fit to accept a Senate provision that gives a long 7-year writeoff period, an amortization period, for losses incurred by agricultural banks. As a matter of fact, the conferees made this provision retroactive, so if an agricultural bank had a loss in 1985 or 1986, generally accepted accounting principles say you take the loss in that year. Regulatory accounting principles say you take the loss in that year.

This conference report says you can go back now and spread that loss out over a 7-year period. It is phony accounting. It is funny money. We really are undermining the viability not only of those institutions, but in my judgment, in the long-term, the viability of the FDIC.

We are doing for our agricultural banks what we, this Congress, did with the Farm Credit System. We are putting off the day of reckoning and we are making that day of reckoning far, far worse.

We had no hearings on this. We really do not know how bad it is going to be, but I think all of us do think it is going to be bad. Even those who favor the bill shrink when they have to discuss that particular provision.

Now, what else do we do? Some say, well, the report simply imposes a moratorium on certain powers. It is simply a moratorium on the regulators' ability to interpret Glass-Steagall, as Glass-Steagall has existed over the years. It is much more than that however.

The Glass-Steagall Act, for example, has never been applied to State chartered nonmember banks. The report applied Glass-Steagall to such institutions and so there is a tremendous intrusion on State powers in this bill, again uncalled for, again without consideration or hearings.

The report does something else. It interferes tremendously in both the regulatory and the judicial process. We impose a moratorium on securities, insurance, and real estate powers. A moratorium might not be bad, if it were prospective in nature, but we make our moratorium retroactive in nature, and applicable not simply to regulatory decisions, but also to judicial decisions. Hence, we intrude on the judicial process and on lawsuits presently in process.

The bottom line, I think, is as a good many editorials have said, and I point out again the New York Times:

> This lobbyists' stew is a bad bill. It warrants a one-word response from President Reagan—veto.

The President has indicated he is now not going to veto it. I sincerely believe it is because he thought he would not be able to obtain the votes to sustain his veto; but his administration still thinks it is bad, not as bad now as it was a week ago at this time, but almost as bad, because I do not think the compromises that were entered into were really all that significant.

I urge your consideration of the merits of the bill. If we should defeat it, we could come back this afternoon or tomorrow with recapitalization of FSLIC. We would not delay anything at all.

As a matter of fact, I was in the forefront of those urging that a bill recapitalizing FSLIC pass in the 99th Congress and the beginning of this the 100th Congress. We passed such a bill in the 99th Congress, and we could pass another such bill immediately.

Mr. Speaker, I reserve the balance of my time.

□ 1515

Mr. WYLIE. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. LEACH].

Mr. LEACH of Iowa. Mr. Speaker, there have been two great regulation scandals of the last generation: The first relates to the overextension allowed of money center banks abroad; the second relates to the overextension of thrifts encouraged here at home.

When this bill passed this House, the end result was legislation that in partial measure represented head-in-sand-ism. At a time when the thrift industry had become overextended and too frequently fraught with fraud and abuse, this body stipulated too small an infusion into FSLIC and too lenient forebearance standards on the industry.

This conference report partially corrects both deficiencies. Twice as much capital is infused in the insurance system and, most importantly, the conference committee adopted a strong capital standard that I authored requiring thrifts to recapitalize themselves as the best antidote to public bailouts.

In addition, the so-called forebearance section has been modified with three provisions making it clear that thrift industry regulators can't shrink from applying the same rigorous standards applicable to the banking industry.

Let me be clear. When regulators are weak in one sector of the financial community, that sector is allowed to grow disproportionately and become a disproportionate liability on the American taxpayer.

For instance, if an individual or group has $10 million to invest, it is possible to start a bank and be allowed $120 million in deposits. With the same $10 million, a savings and loan can be chartered and allowed $2 billion in deposits—with the taxpayer potentially on the line if imprudent loans or spending practices are made.

This is nuts. It's time for regulatory comparability. This conference committee bill is a step in that direction.

There are fair disagreements that many Members have with this bill. Mr. LAFALCE has with careful argumentation pointed several out. But the overriding issue is the imminency of runs on our thrift system.

Congress simply can't continue to cave in to the high flyers in the thrift industry. Nor can it continue to play Russian roulette with the financial fabric of our country.

This bill deserves passage—now, before it is too late.

Mr. LAFALCE. Mr. Speaker, how much time remains on all sides?

The SPEAKER pro tempore. (Mr. MURTHA). The gentleman from New York [Mr. LAFALCE] has 12 minutes remaining.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. ROEMER].

Mr. ROEMER. Mr. Speaker, I just want to say I rise in support of the bill and thank the gentleman for yielding me this time. I appreciate being a Member of the conference committee. It was a tough conference with I think some healthy compromises on both sides.

The bill is not perfect; far from it. Our colleague, the gentleman from New York [Mr. LAFALCE], pointed out some of the apparent weaknesses in the bill, particularly the nonbank bank provisions.

I thought our colleague from Virginia [Mr. PARRIS], early in today's debate, spelled out quite plainly the size of our problem in this country in regard to savings and loans. It is not the regulators who close them down, it is public confidence or lack thereof. We have a problem.

A stitch in time saves nine, as the old cliche goes. I think this bill is a stitch in time. It takes no money out of the pockets of taxpayers, increases the public confidence in the system and allows safety and soundness to take a step forward.

I think this is a good bill. I appreciate the work the chairman has done

and I urge support of the conference report.

Mr. LAFALCE. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK. Mr. Speaker, I thank the gentleman from New York for yielding time to me.

I am going to speak in opposition to this bill. It has a number of very important features that are useful, and I think the leadership of the Committee on Banking, Finance and Urban Affairs on both sides deserves a lot of credit for being able to deal successfully with difficult issues.

Unfortunately, my view is that in a couple of very important particulars they have arrived at the wrong conclusion. What we have is something of a philosophical disagreement. I believe that the consumer and the economy are better served by more competition.

We have had some failures in the banking industry in the last few years. Very little of the difficulty we have had has been the result of the move away from regulation. The commercial banks that have gotten into trouble have gotten into trouble because they did what commercial banks are supposed to do, but they did it badly. They lent money in the most traditional ways to people who did not pay it back. That turns out to be not so good a business practice. That has been the cause of most of the bank failures.

What we have in this bill is a response to some of our troubles which I believe truly are philosophically incorrect. It restricts competition, and it does that in 2 separate areas. One in the non-bank bank area where it is a permanent limitation with grandparenting of the banks. I appreciate the fact that has been done, and I think the chairman of the committee and others deserve credit for equity in choosing the March 1987 date. There were efforts to grandfather retroactively, and the notion of retroactive grandparenting is probably as complicated as the one of surrogate parenting, so we probably ought to leave it alone. Having a prospective date was a reasonable thing.

But what we still wind up with is restriction. As I think of the role of some of the financial institutions in this I am reminded of a comment once made by Senator Magnuson when he was chairman of the Senate Commerce Committee many years ago. He said as he dealt with various matters of economic competition and regulation he sometimes thought that all any business in America wanted from government was a reasonable advantage over the competition.

We have a lot of business people in this country who joined some of my Republican colleagues in being very great supporters of free enterprise and competition in general, but being not too crazy about it in particular. There are a lot of people who think free enterprise is a wonderful thing when it means six other people compete with seven people, but God forbid if anybody gets in their business or competes with them. What we have here is a bill which unfortunately embodies that response.

We ought to be clear what we are doing. We are reregulating to a certain extent in the nonbank bank limitation at the request of many of the financial institutions themselves. The vaunted American preference for free enterprise turns out to be something of a spectator sport. A lot of business people like to watch other people engage in competition, but not engage in it themselves.

Unfortunately, this bill embodies that anticompetitive response from some of the financial institutions. It is why consumer groups are in general in favor of more competition, more creativity, and I particularly regret that the non-bank bank provision is made indefinite.

We then have the moratorium on the exercise by certain commercial banks of powers. Here the securities industry is opposed to competition with themselves. The securities industry used to argue that this was an anticoncentration matter because they were small and competitive and the banks were big. That was an argument that we heard more of when the securities industry consisted of independent companies before they started getting bought out by bigger companies. The argument is still the same.

We are better served by more competition. What we tend to do in legislative bodies, because we hear from the people who are out there, is to be protective of institutions. Preserving existing institutions is really not part of our mandate. What we should be doing is serving the consumer, and the consumer in this case is both the individual and the corporate entity that is trying to raise funds.

We talk a lot about being competitive. This bill strikes me as unfortunately anticompetitive because it favors to a certain extent the institutions that make their money by providing the capital rather than by increasing competition, favoring institutions that would borrow and would therefore be able to get a lesser cost of capital.

So I particularly hope, and I know the chairman will be addressing these matters again today and in future days. I hope that the moratorium is really a moratorium. I know the chairman is well intentioned in this but, as many of us know, the most important factor in politics, particularly in legislative politics, is not money, it is not even popular support, it is inertia. It is so hard in a bicameral legislature, with a somewhat uninvolved Chief Executive, to get anything done that things at least tend to stay at rest. I hope inertia will not convert this moratorium into permanent legislation.

Mr. St GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. VENTO], a member of the conference committee.

Mr. VENTO. Mr. Speaker, I rise in support of the conference report.

It is interesting to listen to the comment that after having 20,000 financial institutions competing that somehow that does not represent competition. What really represents competition is if we could aggregate and concentrate all together, security firms with banks and all commerce and financial institution activities and then spead the mantle of Federal deposit insurance over all of it, somehow then that would constitutes competition.

Who is seeking and who has sought these nonbank bank powers, who have granted powers within the States and what types of institutions are in varied degrees of serious distress? The State institutions that have whipsawed into this all too willing Federal regulators. We have had no ability to limit that legislatively. They have granted and extended the mantle and tentacles of Federal insurance over those nonregulated banking activities.

Oh, we want to help the depositors, but clearly we have a problem in terms of trying to redefine that. They want that Federal insurance, they want that blanket of federal/national protection, they talk about competition but in reality, they would like to be like the Japanese and the German banks where one cannot tell where the commerce starts and the banking activity begins nor where the government ends and the private business sector begins.

In this country today we have that distinction. I hope we will keep it, and this bill will permit us to help prevent a further unweaving of the basic economic fabric that has well served our free economy—financial institution activity by its very nature and existence is a government sanctioned franchise, that fact alone ought to strongly indicate the well defined distinction of powers and activities that F. I. engage within, this measure H.R. 27 will enable the national government to carefully and deliberately by law develop policy.

Mr. Speaker, as a member of the conference committee on H.R. 27, I would like to state my understanding on several issues in title I of the bill. Section 104 adds a new stringent standard, the "Qualified Thrift Lender" test, to ensure that thrifts meet their legal mandate. However, recognizing the need for flexibility, the conference committee has provided that FSLIC may grant temporary exceptions from the QTL test when

extraordinary circumstances exist. I believe that this exception would include a situation where an insured institution, acquired pursuant to a voluntary supervisory conversion, was able to satisfy the qualified thrift lender test primarily due to the fact that a significant portion of the nonaccruing loans of the insured institution which are assumed by the acquirer and not subject to any FSLIC obligation, are commercial loans which due to their nonaccruing status, cannot be sold or disposed of and result in the institution's inability to be a qualified thrift lender.

In defining qualified thrift investments, it should include investments by an insured institution in mortgaged-backed securities such as GNMA's, Fannie Mae's, Freddie Mac's, REMIC's and other securities, the assets of which are exclusively in domestic residential real estate and which otherwise satisfy the investment criteria for insured institutions.

Finally, the words "related to domestic residential real estate or manufactured housing" in section 104 would include, in addition to other items consistent with normal definitions of residential real estate, construction loans on residential real estate, nursing homes, congregate care housing, student housing and dormitories. I would also like to confirm my understanding of title I, section 108 of the banking bill, which codifies leasing authority for national banks.

It is my understanding that the intent of this provision is to simply codify the authority of national banks to engage in lease financing. This authority would permit national banks to enter into such transactions on a "net, full-payout" lease basis, as defined in the regulations of the Comptroller of the Currency (12 CFR 7.3400), up to 10 percent of the bank's assets.

It is my further understanding that national banks would continue to be subject to the requirement that all leases be "net, full-payout" leases, under which the bank may not provide maintenance, repair, or servicing of leased property, and must meet the residual value and other limitations as defined in the regulations of the Comptroller of the Currency (12 CFR 7.3400), up to 10 percent of the bank's singular assets.

Mr. WYLIE. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. SHUMWAY].

Mr. SHUMWAY. Mr. Speaker, I stand here this afternoon with mixed feelings. I was one who supported a clean bill as we debated the matter here in the House. I supported the lower funding limits, the $5 billion, which was the result in the House. And in the conference I voted against this bill and worked to amend it in a way that would match the work product of the House.

Nevertheless, I am prepared to vote for the conference report this afternoon, and I do that even though I disagree with many of its provisions. But I do it simply because I think there is an overwhelming good to be accomplished, and that is refunding of the FSLIC organization, providing the necessary capitalization so that the industry in this country can get back on its feet.

This bill does provide $10.8 billion to recapitalize FSLIC. It does contain forbearance provisions, it does repay the secondary reserves to savings and loans.

But I find particularly reprehensible in the bill title I. I have opposed this title, as I did in the conference committee, because I think it only protects the existing market situation. It keeps problems that we now have in the status quo. It freezes out competitors and, as has been already addressed here, I think especially unwelcome in our system is the 7-percent cap on growth. I think that kind of cap or ceiling has no place in American orientation, it does not provide for the growth and profits and provide the needed goods and services that we generally recognize.

Likewise, I am very much opposed to title II. I think it is anticompetitive. Certainly it penalizes banks, and as title I, I think it represents a move backward toward more regulation, not recognizing freer markets and competition which ultimately benefit the consumer most.

But title VI in the bill is one I think that addresses a current need in America, providing for expedited funds availability. It gives banks a 1-year leadtime to prepare for new schedules, a 2-year interim schedule, and provides for a good faith exemption to protect them from fraud or other risks, and has special provisions for automatic teller machines.

□ 1530

Mr. Speaker, there are good points and bad points in this legislation. But I believe on balance that the good points outweigh the bad because there is an urgent crisis in our country that needs to be addressed and that is the crisis represented by the need to recapitalize the FSLIC.

On balance I think those positive features outweigh the negative.

For that reason, Mr. Speaker, I am prepared to vote in favor of the conference report and urge my colleagues to do likewise.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio [Ms. OAKAR], a member of the committee and of the conference committee.

Ms. OAKAR. I thank the chairman. I want to commend the chairman first of all. I think he really towed the mark. I did not agree with everything he did in the conference committee but he did a good job in getting out a bill.

The American people really want to have confidence in their financial institutions. And really and truly I think it comes down to this: You can quibble about details in the bill, and this is a compromise, and not everyone likes the bill in its entirety, but the fact is that what we are saying today, in my judgment, is whether or not we support the S&L industry. That is the bottom line. They need to have the reserves in their insurance fund so that the American people will have a renewed confidence in what is an important industry.

This is an industry that has as its primary purpose, in terms of its creation by Congress, to serve Americans who want to own their own home. So if you believe in the industry, vote for the bill.

Mr. Speaker, as a conferee to S. 790, the bill to recapitalize the FSLIC fund, I would like to extend my strong support for this much-needed legislation. This conference report presented before the House today has my full support and should be acted upon as quickly as possible.

Mr. Speaker, no conference agreement is perfect, and not all compromises satisfy all concerned parties. But what we have here, Mr. Speaker, is a good agreement, a good compromise, and some very necessary consumer assurances that the U.S. Government is backing the insurance fund faithfully and adequately.

This legislation will restore the confidence of the American people who have billions of dollars in depository accounts within this country's savings and loans. Mr. Speaker, I support and urge the House to come together and demonstrate to the American people with savings and loan deposits that the House is firmly behind the savings and loan industry.

The sum of money available within the FSLIC fund is at the critical stage. Currently, it is reported that the FSLIC fund is more than $6 billion in the red. The Federal Home Loan Bank Board recently stated that the cost of taking over problem thrifts has grown to the incredible amount of $6 million per pay. The GAO reported to the Congress last year that further delaying a resolution to the problem cases within the savings and loans will add substantially to the ultimate, final cost of the industry, as well as to the economy. Furthermore, the lack of a substantial pool of financial strength at the insurance level disallows the thrift managers, depositors, and others who wish to inject much-needed capital into the thrifts any guideline as to a source of stability. Lack of stability and confidence in this country's financial industry, specifically the savings and loans, is a severe detriment to future operations. Confidence and stability are the cornerstones for this country's financial strength.

Mr. Speaker, in this legislation before the House today, the conferees agreed to an exit

fee of two-plus-two, or 2 years' premium and 2 years' special assessment. This level was originally proposed by the House, and the Senate initially rejected it with their own proposal to raise the fee to six-plus-six. Within the spirit of compromise, conferees agreed to retain the House portion of two-plus-two and include a 1-year moratorium on institutions leaving the FSLIC. This exit fee is a fair provision that provides for a reasonable approach without imposing a punitive fee to further discourage much-needed capital. In addition, a fee of this magnitude will allow the thrifts to adjust to rapidly changing market conditions without an untimely cost imposed upon the operation. The fee tailored within this conference report will permit the savings and loans to diversify for their ultimate survival.

Mr. Speaker, what we have before us is the most sweeping financial industry legislation in 7 years. Both the House and Senate held extensive hearings and will hold further hearings on the proposed legislation. This broad, comprehensive banking bill before the House today is quite an amazing compromise. The moratorium on all nonbanking activities—March 5, 1987 through March 1, 1988—will allow the Congress to conduct valuable research and hearings in the area of combining commerce with banking. Also, the nonbank bank provision that puts a necessary limit on the amount of nonbank banks within current operations is very important. Restricting no other entity after March 5, 1987 makes good sense for the consumer and allows regulators to monitor this limited number of financial companies adequately.

Mr. Speaker, one aspect of this bill, which is very close to my heart as well as others, is the Expedited Funds Availability Act. This significant piece of legislation would provide uniform scheduling practices by banks concerning when checks are to be deposited and cleared. This act would prevent arbitrary policies imposed by various financial institutions regarding when the check would be credited.

Mr. Speaker, let me say for the record that I am proud of this conference report and admire the efforts from both sides of the aisle, as well as the other Chamber. The conferees recognize the urgent need for compromise and recapitalization. I strongly urge my colleagues to follow suit. As a senior member on the banking committee, my philosophy has always been "better bend than break." If members are not willing to accept the current conference report with its compromise, then the FSLIC fund, which is in such need of recapitalization, could possibly break.

To reach final agreement, Mr. Speaker, conferees made significant compromises. With sweeping legislation such as this, further compromises are necessary to satisfy all branches. I commend our good chairman, Mr. ST GERMAIN, for his sense of compromise and for moving this conference session so expeditiously. Obstacles always appear when you take your eyes off the main objective. Of course, there are always obstacles when legislation of this magnitude comes about, but our good chairman always kept the conferees focused within the scope of the ultimate goal—recapitalization of the ailing FSLIC fund as quickly as possible.

As William Wrigley, Jr., the chewing gum magnate, once said, "fools bite one another, but wise men agree together."

I urge strong support of this conference report and this imperative financial industry legislation.

Thank you, Mr. Speaker.

Mr. LAFALCE. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. DREIER].

Mr. DREIER of California. Mr. Speaker, I rise reluctantly to oppose this conference report. I am not going to rehash all the arguments which I made during the rule.

But I would like to start out by saying that I support the enactment of legislation to recapitalize the Federal Savings and Loan Insurance Corporation. It is imperative that we take quick action to shore up the sagging public confidence in our Nation's thrift industry. However, I oppose H.R. 27 because, unlike the legislation approved by the House, this bill is highly controversial and could actually undermine the safety and soundness of our Nation's thrift and banking institutions.

On May 5, this body approved a FSLIC recapitalization plan that was extremely responsive to the funding needs of the FSLIC, as well as the long-term viability of the thrift industry. But the conference committee went on to ignore the overwhelming sentiments of the House by more than doubling the funding level of the FSLIC recapitalization plan. And, after narrowly defeating, by a vote of 11-9, an effort to keep the legislation free of extraneous amendments that have nothing whatsoever to do with the FSLIC problem, the conference committee went down the line and accepted virtually every controversial provision in the Senate's banking bill, without hearings or debate either in the banking committee or on the House floor.

In my view, the $10.824 billion recapitalization level will saddle the thrift industry with a massive debt burden that would preclude any prospect for recovery well into the next century. Such a plan places in jeopardy the net worth of the healthiest institutions, and discourages outside investors from bringing new capital into the industry. The strong institutions will seek to escape the fund, as evidenced by the fact that 10 of the Nation's largest thrifts have already applied to convert to FDIC insurance. Ultimately, the result will be an increase in FSLIC's cost burden, and a reduction in the premium base upon which FSLIC must rely for recapitalization.

The $5 billion plan that the House initially approved is a far superior plan. Along with an estimated $5 billion for premiums and other sources, it would provide FSLIC with about the same level of funds over the next 2 years. At the same time, it would provide Congress with the opportunity to keep a closer watch on the operations of FSLIC. The agency's controversial actions are the primary reason there is forbearance language in the bill.

The GAO testified before the House Banking Committee that a desired ingredient in any recapitalization plan would be greater oversight by Congress. If the FSLIC has to return to Congress for more borrowing authority in 2 years, oversight is automatically built into the program.

Even more objectionable than the funding level is the fact that the FSLIC plan is being used as a vehicle to enact extraneous amendments under the guise of competitive equality, and safety and soundness. The financial status of the FSLIC is a real emergency; much of H.R. 27 is not. H.R. 27 is anticompetitive and anticonsumer.

Finally, I would like to make a few comments regarding the conference on H.R. 27. An amendment was proposed to extend the scope of the moratorium on regulatory action in the area of bank and bank holding company securities activities beyond that contemplated by the Senate bill. This amendment was not subjected to hearings and represents new matters not addressed by either body. It was agreed to sight unseen by the conferees. When a copy of the amendment was made available, its full scope and potential for disrupting the stability of the current financial system became apparent. Changes were made at the request of the conferees of the House and Senate.

The securities moratorium in section 201(b)(2) only forbids Federal banking agencies from authorizing banks to engage in securities activities that had not been authorized prior to March 5. It was not intended to prohibit a bank or bank holding company or their affiliates from engaging in a securities activity that was permissible for banks or bank holding companies or their affiliates prior to March 5, regardless of whether the particular bank or bank holding company or affiliate itself engaged in the activity prior to that date.

The conference in no way intended to impose upon any of the Federal banking agencies any affirmative duty that would limit the usual and customary discretion that they exercise in pursuit of their regulatory and administrative duties. Also, section 201(b)(2) is not intended to make any changes in the substantive law regarding the legality of a particular securities activity. It is also not intended to be construed as a congressional judgment on whether existing law does or does not permit a bank or its affiliates to engage in particular securities activities.

In addition, section 201(b)(2) was not intended to cover those activities that might be engaged in with only prior notice to the relevant agency. Those activities are considered to be already legally authorized in writing and continue to be permissible.

The conference report reflects the agreement of the conferees on the meaning of the bill. Therefore, efforts to give new meaning and scope to this language in a unilateral fashion are inappropriate. This language is a product of much negotiation and compromise and stands as reported by the conference committee.

Mr. Speaker, H.R. 27 is bad banking legislation, and I urge my colleagues to reject it. In doing so, we should insist that the banking committee immediately report back to the House a measure which will provide a genuine solution to the financial problems of our Nation's thrift industry—without the regressive and restrictive amendments contained in H.R. 27.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky [Mr. HUBBARD], a member of the committee and of the conference committee.

Mr. HUBBARD. Mr. Speaker, I rise as a member of the banking conference committee which labored over the final language of this important bill and its accompanying report. I want to address in particular the moratorium provision, section 201.

As the conference report makes clear, the moratorium has a limited purpose. As passed by the Senate, its sole effect was to prevent the Federal Reserve Board from making effective, until March 1, 1988, any approval of an application by a bank holding company to underwrite bank-ineligible securities through a nonbank subsidiary if the approval required a determination that the subsidiary was not "engaged principally" in such new activities.

The conference committee agreed to this moratorium and, in a very late addition proposed by my distinguished colleague from New York, Mr. SCHUMER, also agreed to extend the moratorium to the approval of new securities activities by the Comptroller of the Currency. I want to emphasize my understanding, based on the explanation of the amendment by Mr. SCHUMER, that it was designed as a technical correction that would assure that the moratorium was effective to prevent the banking agencies from approving new securities activities.

It is very clear from the history, purpose, and text of the moratorium that it is simply a short-term freeze and suspends the effective date of approval of new securities activities by the Federal bank regulatory agencies. If an activity was found to be permissible for banks or bank holding companies prior to March 5, 1987, the moratorium does not affect it. Any banking institution can continue to engage, or begin to engage in such an activity, subject to existing laws unaffected by the moratorium.

I understand a question has been raised as to whether the moratorium prohibits banks and bank holding companies from underwriting securitized assets, or perhaps those registered with the SEC. Nothing in the bill or the conference report says this. My understanding is directly contrary. The trend toward securitization of assets—for example of consumer receivables and of residential mortages held be banks—began several years ago. The authority for a bank to participate in the sale of such securitized assets—which is often a part of the bank's funding activities—is longstanding, and preexists March 5, 1987. One example of this is the Comptroller's May 22, 1986, letter regarding Liberty Norstar Bank and the authorities it cites. The moratorium is not intended to make banks dismantle these programs or their plans to undertake them. Indeed, as a practical matter, looking at the banks' track record with securitization of bank assets will be very helpful to the committees, as we address the question of the role of financial institutions in the evolving capital and securities markets.

I also want to assure my colleagues that the moratorium does not limit the enforcement authority or discretion of the Federal bank regulators. When the bill speaks of prohibiting authorization of new securities activities by "inaction or otherwise," what we're talking about is the kind of situation where a statute or a regulation provides that an application to do something shall be deemed approved if the agency has not disapproved it within a certain number of days. In addition, the bill does not confer a private right of action against any agency, nor, of course, against any particular banking institution. If the conferees wished to create a private right of action, we would have done so with specific language.

I want to express appreciation to and compliment Chairman FERNAND J. ST GERMAIN, staff director Dr. Paul Nelson and the staff of the House Banking Committee for their efforts on behalf of H.R. 27.

I urge my colleagues to support H.R. 27, a conference compromise of complex issues which President Reagan, Treasury Secretary James Baker, and a majority of the Members of the 100th Congress now support.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. KLECZKA].

Mr. KLECZKA. Mr. Speaker, I rise in strong support of the conference report.

When H.R. 27 passed the House, I was among a handful of Members who voted "no."

My reasons were twofold.

First, the $5 billion recap level was ridiculously low.

Second, the bill's bargain basement exit fees sent a clear message: If the going gets tough, tough thrifts should get going—from the FSLIC to the FDIC.

The $10.8 billion recapitalization the conference report provides is far more realistic.

It's still not enough, but we're getting closer. Give us another Congress or two and we'll catch up to the real world.

I was especially pleased the conference report includes a temporary moratorium on thrift exits from the fund.

With that provision, we have breathing room to tackle an issue which may determine whether FSLIC will be "recapitalized" or "lemonized."

Ultimately, I believe Congress must require healthy thrifts which abandon the FSLIC for FDIC to pay a substantial departure fee.

If we do not, healthy thrifts will leave the FSLIC fund in droves.

When that happens, taxpayers will be asked to bail out an FSLIC fund dominated by failing thrifts.

The conference agreement also deserves a yes vote for reasons not directly related to the FSLIC issue.

It closes a gaping loophole in existing law which fostered the haphazard development of poorly regulated nonbank banks.

The conference agreement strengthens consumer rights by limiting the amount of time a bank can hold your check.

The moratorium on new bank powers will, I believe, force Congress to come to grips with this issue.

It would be a good idea for Congress to come to grips with the whole issue of Federal deposit insurance.

Mark my words.

This is the beginning of the deposit insurance debate, not the end.

To limit Federal bailouts and inspire depositor confidence, we must lay the groundwork for the merger of funds.

Putting out fires, one fund at a time, sends a dangerous signal to the marketplace.

One well-managed and well-capitalized financial institution insurance fund which insures all deposits is both desirable and inevitable.

Congress has a choice.

It can arrange a "shotgun marriage" of the funds during a period of severe fiscal crisis.

Or it can devise an orderly, step-by-step merger of the funds over a period of years.

The latter approach makes far more sense. I am now drafting legislation to do just that.

If we do not, we risk collapse in not only the thrift system, but also the bank system.

Mr. Speaker, by adopting the report, we take the first step toward comprehensive reform of our deposit insurance system.

I urge the adoption of the conference report.

Mr. WYLIE. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. WORTLEY].

Mr. WORTLEY. Mr. Speaker, I rise in support of this legislation, but not without serious reservations. What started in the House as an emergency measure to recapitalize the savings and loan insurance fund has grown to include several controversial items. These items are responsible for delaying this entire process, and they demonstrate that Congress is still failing to recognize new developments in the financial services marketplace.

For example, despite the Federal Reserve Board's carefully considered decision to allow banks limited authority to underwrite and deal in commercial paper and other securities, this bill places a moratorium on those decisions harming the ability of banks to compete both domestically and internationally. With their Third World debt burdens, it is vitally important that banks remain competitive in today's financial services marketplace. And even more so, it is important to consumers.

The cost of homes and other large purchases could be decreased if banks were allowed to better fulfill the needs of their customers in the most cost-effective manner possible. Municipalities could fund important construction projects with revenue bonds at a lower cost to taxpayers if banks were allowed to compete with Wall Street firms in this area. Both large, established businesses and smaller, startup firms would find the cost of essential investment capital lower if banks could compete in the commercial paper market.

In addition, the concept and advantages of the dual banking system have been eroded by the provision in the bill extending provisions of the Glass-Steagall Act to State-chartered banks which are not members of the Federal Reserve System. This action was opposed by the National Conference of State Legislatures and the Conference of State Bank Supervisors. Without the ability to offer new powers, States will find it increasingly difficult to sell troubled banks and thrifts in order to protect depositors. Innovation in solving economic problems will be stifled. In my own State of New York, State-chartered banks have been permitted to be affiliated with securities firms subject to certain limitations. It was anticipated that this power would be used to spur industrial development.

As a conferee, I wish to reiterate that the moratorium provision of section 201 has a limited purpose. It is clear from the history, purpose and text of the moratorium that it is simply a short-term freeze which temporarily suspends the effective date of approval of new securities activities by the Federal bank regulatory agencies. If an activity was found to be permissible for banks or bank holding companies prior to March 5, 1987, the moratorium would not affect it.

Furthermore, it is my understanding that the conference in no way intended to remove any enforcement discretion that Federal banking agencies may now exercise with respect to the securities activities of banks, bank holding companies, and their affiliates. This legislation does not judge whether existing law does or does not permit a bank or its affiliates to engage in particular securities activities.

The legislation is not intended to prohibit a bank or bank holding company or their affiliates from engaging in a securities activity that was permissible for banks or bank holding companies or their affiliates prior to March 5, 1987, regardless of whether the particular bank or bank holding company or affiliate itself engaged in the activity prior to that date.

This legislation also closes the nonbank bank loophole to prevent the mixing of banking and commerce which resulted after unilateral and questionable action by unelected regulators. Nonbank banks were a result of an unforseen and technical loophole in the Bank Holding Company Act, and this unfortunate situation will now be corrected. However, I am concerned about the ability of the grandfathered institutions to effectively conduct their businesses. These institutions complied with the law as it was written, and they should not be penalized for their entry into banking. This bill imposes restraints on growth and marketing activity which may prove unworkable and unwise.

Consumers will benefit particularly under one section of this bill which limits the time a bank may withhold on checks deposited by customers. Within 3 years of enactment, checks drawn on local banks must be available on the second business day after deposit, and nonlocal checks must be available no later than the fifth business day after deposit. Next-day availability will be required for cash deposits and Government checks. This is essential legislation to protect the rights of consumers who often must have timely access to their money to pay everyday living expenses.

But the primary reason I believe this legislation should be approved is because of the provisions recapitalizing the savings and loan insurance fund and allowing regulators emergency acquisition authority. The amount of recapitalization has been nudged upward toward a more rational and reasonable level, and confidence in the system should soon be restored. The issue of the secondary reserve has been resolved, and the provisions requiring GAAP accounting by S&L's have been made more workable. Emergency acquisition authority will allow the FDIC to handle failed and failing institutions in a more efficient and cost-effective manner. Since taxpayer funds are ultimately backing the FDIC, this is a comforting prospect.

Despite its faults, this bill is a product of much discussion, heated debate, and frequent votes. It is a compromise that pleases some more than others, but time has run out and its provisions affecting the stability of the S&L industry must be enacted now.

I urge an affirmative vote on this legislation by my colleagues.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. LEHMAN].

Mr. LEHMAN of California. Mr. Speaker, I rise in support of this compromise package which I think is the best possible compromise the committee could come out with.

Mr. Speaker, I would like to engage in a colloquy with my friend from New York [Mr. SCHUMER].

Mr. Speaker, as a member of the conference committee on H.R. 27, I seek clarification as the author of an amendment to title II of that bill pertaining to a moratorium on certain nonbanking activities by bank holding companies or insured banks relating to securities. Specifically, I refer to section 201(b)(2)(C) concerning operating a nondealer marketplace in options. Am I correct in stating that the application of the moratorium in title II to this particular activity is not intended to curtail the provision by bank holding companies or a subsidiary or an affiliate of a bank holding company of traditional banking services in connection with all types of securities trades by acting as a custodian, a transfer agent, or handling the disbursement of funds or serving as a clearing agency or otherwise acting as an agent on behalf of a customer?

Mr. SCHUMER. My friend from California is correct. In offering my amendment to title II concerning the operation of a nondealer marketplace in options by a bank holding company or a subsidiary or affiliate thereof, it was not my intention to curtail those traditional banking activities which you have enumerated from being offered by those entities subject to the moratorium.

Mr. SCHUMER. Mr. Speaker, will the gentleman yield?

Mr. LEHMAN of California. I yield to the gentleman from New York [Mr. SCHUMER].

Mr. SCHUMER. I thank the gentleman for yielding.

Mr. Speaker, my friend from California who has worked so hard and diligently on this and other provisions of the bill is correct. In offering my amendment to title II concerning the operation of a nondealer marketplace in options by a bankholding company or subsidiary or affiliate thereof, it was not my intention to curtail those traditional banking activities which the gentleman has enumerated from being offered by those entities subject to the moratorium.

Mr. LEHMAN of California. I thank the gentleman for his contribution to the legislation and especially compliment our chairman, Mr. ST GERMAIN, our ranking minority, Mr. WYLIE, for an excellent package.

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Mr. WYLIE. Mr. Speaker, I yield 30 seconds to the gentleman from California [Mr. PASHAYAN].

Mr. PASHAYAN. Mr. Speaker, I wish to commend my colleagues who serve on the Banking Committee; I believe they have produced a fine piece of legislation, worthy of our support. There are some provisions of particular merit or concern to the thrift industry that deserve our special consideration.

First, the legislation creates in section 407 an informal appeals process for resolving disputes that arise in examining and supervising the thrift industry. The Federal Home Loan Bank Board is directed to establish an informal review procedure for appealing such disputes to an independent arbiter appointed by the principal supervisory agent in each district. The Board must develop a set of regulations for executing this appeals process. In that rulemaking the Board should address such matters as how this appeals process relates to other dispute resolution processes in law or regulation; when the board itself should take discretionary review of questions decided at lower levels under those processes; and when the failure of board personnel to take timely action in supervisory matters should be the grounds for review. The board should immediately begin a rulemaking that includes a public hearing to resolve these matters and other questions presented by section 407.

This Chamber can be especially proud of the work done by its conferees in correcting the inequity of the confiscation by the Federal Home Loan Bank Board of the prepaid insurance premiums of certain thrifts held in a secondary reserve by the Federal Savings and Loan Insurance Corporation. The resolution of this matter contained in section 307 is confirmation of the congressional intent that the secondary reserve belongs to the institutions that contributed to it and should be considered an asset of these institutions. Section 307 ensures that every cent of that asset will ultimately be returned to those institutions through offsets against FSLIC special assessments and premiums. For institutions that leave FSLIC before recovering all of their share of the secondary reserve, it can be applied to offset the special assessment portion of the exit fee authorized by section 302 of this legislation.

I am also happy to see that the House-initiated upper limit on exit fees to be imposed on institutions moving from FSLIC to FDIC insurance has been adopted by the conference. While some have argued for much higher amounts or other administrative barriers, the provision in section 302 requiring an exit fee of two times an institution's annual premium plus two times its special assessments is fair and reasonable. The legislation has the clear intent of allowing institutions that qualify for FDIC insurance to transfer to that system without unreasonable delay, if they pay an equitable exit fee. Specifically, the Board should not attempt to use the authority it has recently asserted in its transfer of assets of insured institutions rule to delay or restrict the transfer to FDIC of a qualifying institution. That would provide a welcome degree of certainty on this question for institutions whose business decisions lead them to believe that the FDIC would be a more appropriate insuror for them.

For State-chartered savings banks insured by FDIC and in existence on or before March 5, 1987, section 101(d) of the legislation resolves an important dispute concerning the degree to which the Federal Reserve Board can restrict their activities under provisions of the Bank Holding Company Act. The section specifically provides that existing state-chartered savings banks may continue to exercise all non-insurance powers granted to them by state law without such restriction by the Federal Reserve Board. The legislation does not address the question with reference to newly formed State-chartered savings banks. No inference may be taken from the bill's silence on this question. Simply stated, the legislation grants no new authority to the Federal Reserve Board or other Federal banking agencies to restrict the State-granted powers of existing or new State-chartered savings institutions.

Finally, I must raise some serious concerns about one section of this legislation. I have deep reservations about the potential for inequitable treatment of thrift institutions under section 406. This section, which was not in either the House or Senate versions of the bill before conference, grants the bank board authority to establish minimum capital requirements for thrifts. The provision specifically references similar authority granted to Federal banking agencies in the International Lending Supervison Act of 1983 and indicates that the board's capital requirements should be "consistent with" those of the banking agencies. I want to state plainly that there is no requirement that the Board shall adopt precisely the same treatment of capital for thrifts as the banking agencies do for commercial banks. For example, in section 402 of this legislation Congress has specifically authorized the inclusion of subordinated debt and goodwill in computing capital levels for thrifts in a manner that is different from that used by commercial banks. The board should understand that such treatment is to be continued under any capital requirements adopted pursuant to section 406.

Even more troublesome is a provision in section 406 that would allow the board to alter minimum capital requirements, case by case. The potential for inequitable treatment is so great that I am compelled to indicate in the strongest possible terms that the bank board must recognize the extraordinary nature of such authority. The Congress does not intend that such authority would ever be used in the absence of a rulemaking that establishes clear guidelines for establishing capital requirements. The bank board is not free to accord less than equal protection to any individual institution. Similarly, it is not free to utilize such extraordinary authority as a means of undermining the dual banking system. The Congress, and this member in particular, will be watching closely to see that the authority is not used in any manner to control indirectly the activities of State-chartered institutions. Congress does not intend that the bank board use this authority to assign prohibitive capital requirements to the exercise of business activities authorized by the states for State-chartered thrifts. The bank board should give these concerns very careful consideration in a public rulemaking proceeding and should be very cautious with such potentially controversial authority.

The conference has fashioned a sensible piece of legislation that deserves our support. It assigns to the Federal Home Loan Bank Board the responsibilities that must be carried out with great care. It is our dual responsibility first to adopt this legislation and second to keep a very watchful eye on the bank board's exercise of its duties.

Mr. WYLIE. Mr. Speaker, I yield 2½ minutes to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Speaker, I support the conference report on H.R. 27, and I urge every Member of the House

from every region of the country to vote for it.

I am grateful for the bipartisan support and the leadership on a bipartisan basis that this bill has enjoyed and the effort of the administration to come out with a bill that is both signable and the best legislation that is available today.

This legislation is not perfect. I would have preferred some changes in it. I would have preferred clean FSLIC legislation, but due to the legislative process, that was not to be.

This legislation, however, is emergency legislation. It is emergency legislation that was first called to our attention in March, 1986 when we were told by FSLIC that FSLIC was an insurance fund without any funds. This legislation restores some of the funding to FSLIC in order to provide for insurance for depositors from all parts of this country. It is a nationwide insurance. The legislation provides for $10.8 billion in recapitalization.

I would have preferred the full $15 billion that was offered, but $10.8 billion is the level that is available today. It will get us started. It is sufficient for capitalization for the next several years.

Mr. Speaker, on the issue of the so-called forbearance section of the legislation, title IV, it is somewhat of a misnomer to call it forbearance because what this legislation does is indeed to require that those institutions that are so deeply insolvent that they cannot bring themselves back to health would be closed or merged with the assistance of FSLIC into a healthy institution. That in and of itself will bring down the cost of funds for the savings and loan industry across this country.

Those other institutions, however, that can demonstrate that they can work their way back into health and that are at low levels of profits because of the economy in general will be permitted to work their way back to health.

The heart of title IV is a change in the regulatory environment. It is a change that would mandate the use of generally accepted accounting principles in arriving at values and other regulatory matters. In fact, the only provision this bill makes when regulations are different from GAP accounting is when those regulations will be consistent with commercial banking regulations that are traditional and long used. Most of the problems in the economy in many areas are due to overbuilding and overlending.

Mr. Speaker, I urge a "yes" vote on this legislation.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. SCHUMER], a member of the conference committee.

Mr. SCHUMER. Mr. Speaker, first I want to express my admiration and respect for the chairman of the committee, the ranking member of the committee, and all those who worked on this bill. It is awful difficult to pass banking legislation these days, with so many cross-cutting interests and very little national conception as to what the general and national interest is, let alone the interests on behalf of our constituents. When I pop into O'Halloran's pub in my district, I rarely hear one of the fellows say to me, as I am visiting my constituents, "Hey, Charlie, what's going on with Glass-Steagall"?

The second thing that I would say is that the three changes that have been added to the bill as a result of administration pressure all make the bill better. So I think if Members voted for the bill the last time, we have even a better bill this time.

Third, on the moratorium section, both the particular section on the Comptroller and the general section which I authored, let me state first that it is intended as a broad-based general moratorium, not just limited to principally engaged but in general to all.

Finally, on section 201(b)(2)(B), it is clear in debate and it is clear now, despite what both sides are saying, that the March 5, 1987, deadline is what was intended. That means that the Comptroller of the Currency's assertion that banks and their subsidiaries can participate as underwriters in the public sale and distribution of bank asset-backed securities contravenes what we did here today, or what we did contravenes what they did. The bill would allow an exception for one, and only one deal, that of Marine Midland, which closed prior to June 30.

So, therefore, while activities that were done before March 5, 1987, allowed by action or inaction of the Comptroller, will continue to be allowed, activities done after March 5, 1987, will not be allowed, at least until the time the moratorium expires.

I have heard it said that the Comptroller intends to simply go ahead and allow more deals like the Marine Midland deal, and the judgment of the author of this provision, that would directly contravene what Congress did, and in fact it would show in my opinion some contempt for our legislative authority.

Mr. Speaker, I thank all of those who worked on this bill and I yield back the balance of my time.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. BARNARD], a member of the conference committee.

Mr. BARNARD. Mr. Speaker, I rise as a member of the conference committee which labored over the final language of this important act and its accompanying report to state my understanding of certain provisions in these documents. I do so in order to make explicit a number of matters which might be subject to misinterpretation or to give emphasis to a number of points which have proven particularly contentious.

I would like to summarize three points, first, and return to them in some detail later.

With respect to the moratorium provisions of section 201, it is very clear from the history, purpose, and text of the moratorium that it is simply a short-term freeze and suspects the effective date of approval of new securities activities by the Federal bank regulatory agencies. Any securities activities authorized in writing, or engaged in, by any specific banking organization, prior to March 5, 1987, may also be engaged in during the moratorium by any other banking organization. Put otherwise, section 201 treats grandfathered activities generically and does not subject them to an ex post facto, case-by-case review.

Another point that should be made is that the "new activity" restrictions in title I on grandfathered nonbank banks relates to the activities they were offering to the public on March 5, 1987, and not to the services that they might obtain or were obtaining from the Federal Reserve under section A of the Federal Reserve Act before, on, or after March 5, 1987. These services are not proper activities. With the exception of statutory provisions related to daylight overdrafts, we did not try to amend section 11A of the act, with respect to grandfather nonbank banks. We only cut exempted, as opposed to grandfathered, nonbank banks out of section 11A services.

Finally, I believe that for purposes of section 101(c) of the bill, in its new addition of (f)(2)(ii) to the Bank Holding Company Act, that "shares acquired in a bona fide fiduciary capacity" is intended to encompass, for the purposes of the exemptions at that point in the bill, shares held in "street name."

Turning to a more extended treatment of these subjects, first, I want to address in particular the moratorium provision, section 201.

As the conference report makes clear, the moratorium has a limited purpose. As passed by the Senate, its sole effect was to prevent the Federal Reserve Board from making effective, until March 1, 1988, any approval of any application by a bank holding company to underwrite bank-ineligible securities through a nonbank subsidiary if the approval required a determination that the subsidiary was not "engaged principally" in such new activities.

The conference committee agreed to this moratorium and, in a very late addition proposed by my distinguished colleague from New York, Mr. SCHUMER, also agreed to extend the morato-

rium to the approval of new securities activities by the Comptroller of the Currency. I want to emphasize my understanding, based on the explanation of the amendment by Mr. SCHUMER, that it was designed as a technical correction that would assure that the moratorium was effective to prevent the banking agencies from approving new securities activities. It is my understanding that the amendment by Mr. Schumer to section 201 was designed as a technical correction that would assure that the moratorium was effective to prevent the banking agencies from approving new securities activities. I should like to also add that, of course, this technical amendment is not intended to alter the historic and productive methods that the agencies use to communicate their views to the industry and other interested parties. Banks or their counsel routinely obtain the views of the agency, not because the law requires agency "approval" of an undertaking, but because keeping banks current on the agency's position is an important part of the regulatory process. The propriety of an agency's responding to these day-to-day requests for informal advice is not affected by the moratorium. When the moratorium talks about "approval," we're really just talking about those obviously new activities, such as applications under § 20 of the Glass-Steagall Act, or approval of new operating subsidiaries to engage in activities.

It is very clear from the history, purpose and text of the moratorium that it is simply a short-term freeze and suspends the effective date of approval of new securities activities by the Federal bank regulatory agencies. If an activity was found to be permissible for banks or bank-holding companies prior to March 5, 1987, the moratorium does not affect it. Any banking institution can continue to engage, or begin to engage in such an activity, subject to existing laws unaffected by the moratorium, regardless of whether the banking institution engaged in the activity prior to March 5, 1987.

I understand a question has been raised as to whether the moratorium prohibits banks and bank-holding companies from underwriting securitized assets, or perhaps those registered with the SEC. Nothing in the bill or the conference report says this. My understanding is directly contrary. The trend toward securitization of assets—for example of consumer receivables and of residential mortgages held by banks—began several years ago. The authority for a bank to participate in the sale of such securitized assets—which is often a part of the bank's funding activities—is longstanding, and preexists March 5, 1987. One example of this is the Comptroller's May 22, 1986, letter regarding Liberty Norstar Bank and the authorities it cites. The moratorium is not intended to make banks dismantle these programs or their plans to undertake them. Indeed, as a practical matter, looking at the bank's track record with securitization of bank assets will be very helpful to the committees, as we address the question of the role of financial institutions in the evolving capital and securities markets.

I also want to assure my colleagues that the moratorium does not limit the enforcement authority or discretion of the Federal bank regulators. When the bill speaks of prohibiting authorization of new securities activities by "inaction or otherwise," what we're talking about is the kind of situation where a statute or a regulation provides that an application to do something shall be deemed approved if the agency has not disapproved it within a certain number of days. In addition, the bill does not confer a private right of action against any agency, nor, of course, against any particular banking institution. If the conferees wished to create a private right of action, we would have done so with specific language.

Second, the correct reading of H.R. 27 is to say that the new activity restrictions on grandfathered nonbank banks relates to the activities they were offering to the public on March 5, 1987, and not the services that they might obtain or were obtaining from the Federal Reserve under section 11A of the Federal Reserve Act before, on or after March 5, 1987. For instance, if a grandfathered nonbank bank was serving in a fiduciary or custodial capacity, at a time prior to or on March 5, 1987, for accounts that involved activities which entailed possible Federal Reserve services available under section 11A of the Federal Reserve Act, they may access those Federal Reserve services even though they were not obtaining such services from the Federal Reserve specifically before, on or after that day without being considered engaged in a new activity. For further instance, a grandfathered nonbank bank, which was also affiliated with a securities firm that is a primary dealer may, subject to the collateralization provisions of H.R. 27, run an intraday overdraft after March 5, 1987, even though it did not run an intraday overdraft specifically on, before, or after March 5, 1987, without that being considered a new activity under H.R. 27.

Third, title I of H.R. 27 at 101(c) provides of exculpatory provisions for companies affiliated with nonbank banks that come into control of shares in capacities that are largely passive. While one might read the list of those capacities broadly, as they appear in the new subsection to the Bank Holding Company Act, (f)(2)(A)(ii), it is useful to point out that, for the limited purposes of new provision of the Bank Holding Company, "shares acquired in a bona fide fiduciary capacity" include shares held in "street name."

In addition, I want to express some views concerning one portion of the legislation that requires some clarification. Section 406 provides new authority to the Federal Home Loan Bank Board to establish minimum capital requirements for savings and loans. That authority is patterned after and intended to be consistent with authority granted to the Federal banking agencies by the International Lending Supervision Act of 1983. I want to make it clear to the Bank Board that it is not expected to adopt a capital requirements system that is exactly like that adopted for commercial banks. Congress recognizes that there are differences between commercial banking and the thrift industry and expects the Bank Board to adopt capital requirements that are appropriate for the savings and loan industry. For example, as indicated by specific provisions in section 402, Congress intends that the Board continue to allow subordinated debt, goodwill and special loan loss deferral treatment to be used in meeting capital requirements. The Board's implementation of section 406 should encompass that approach.

Further, the development of the Board's use of the authority granted by section 406 should proceed with caution and deliberation. Just as the banking agencies are doing, the Board should initiate a rulemaking to explore the proper approach to developing capital requirements. In particular, any contemplation of the use of a case-by-case approach to establishing capital requirements must be the subject of extensive public consideration and debate in that rulemaking. The Board must be careful not to create a system that would allow institutions to be treated inequitably.

Finally, I wish to call attention to the statement of managers on page 121 of the conference report in that it neglects to follow with a complete explanation of the pertinent statutory language at section 101(h) which begins on page 13 of H.R. 27. That statutory language clearly provides that there will be a buyer of the nonbank bank that is subject to the transition rule and that it is the buyer of the nonbank bank who is going to convert the nonbank bank to a credit card bank.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. NEAL].

Mr. NEAL. Mr. Speaker, I would like to emphasize that the securities moratorium contained in section 201 does not affect, among other things, any securities activities in which a bank, bank-holding company or a subsidiary

or affiliate of a bank or bank-holding company acts in an agency capacity. Accordingly, such moratorium would not affect, for example, any retail securities brokerage activities, including those activities which involve the provision of investment advice to customers, of any bank, bank-holding company, or their subsidiaries and affiliates.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. NELSON], a member of the conference committee.

Mr. NELSON of Florida. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I want to take this opportunity as a member of the conference committee to congratulate the leadership of this conference committee, which was conducted in an exemplary manner by the gentleman from Rhode Island [Mr. ST GERMAIN], who chaired the conference committee. I extend my compliments to the leadership of the other body. With their help, we sorted out some rather thorny issues and were able to come to an agreement.

This is a delicate balance. It is a delicate balance between the FSLIC recapitalization issues, the nonbank bank issues, and the moratorium on bank powers issues. This is indeed a piece of banking legislation that will be the major piece perhaps of this decade, and it has been a privilege for me to be a part of it.

Mr. KANJORSKI. Mr. Speaker, I believe there is much to support in the legislation before us today. I want to congratulate the chairman of the committee, the House conferees, and the staff for putting together such a difficult conference report on so many topics. The passage of this legislation will restore public confidence in our thrift industry, without any cost to the taxpayer, it will guarantee consumers access to funds they deposit in their checking and savings accounts within reasonable periods of time, and it will restore a semblance of order to our financial marketplace by closing the nonbank bank loophole. These are all major accomplishments.

I particularly appreciate the willingness of the conferees to include in section 414 language I recommended providing an extension of regulatory forbearance to thrift institutions who helped out the FSLIC in the early 1980's by taking over failing thrifts. These "white knight" institutions did us a great favor by reducing FSLIC's liquidation costs, and it is only appropriate that we give them additional time to adjust to the consequences of taking over troubled thrifts.

I'm also pleased to see that the conference agreement gives the GAO full audit authority over the Federal Asset Disposition Agency [FADA], and that section 415 includes language similar to a provision I added to the House version of the bill requiring reports by FADA to the Congress on its expenditures for receivers, conservators, accountants, attorneys and consultants. The potential for abuse, mistakes, and self-dealing in the disposition of billions of dollars of assets is substantial and we must make sure that there is adequate accountability and oversight. Along these lines, I want to commend Chairman ST GERMAIN for announcing his intention to hold oversight hearings in this area. As a member of the committee, I look forward to participating in these hearings.

Mr. Speaker, in approving this conference agreement, I also want to express my concern about the potential for abuse by the Federal Home Loan Bank Board of one provision of the bill. If improperly interpreted by the Board, section 406 could constitute a serious threat to the continuation of the dual banking system in the thrift industry by effectively eliminating the right of the states to regulate the institutions they charter. While there are those who favor giving the Bank Board unlimited power to restrict the lawful activities of State-chartered thrifts, it should be noted that the Congress has consistently rejected such an approach. The capital setting authority contained in section 406 should not be used as a backdoor way to prohibit otherwise lawful activities.

In order to ensure that the capital setting authority contained in section 406 is properly utilized by the Board, it is important that any guidelines for additions to capital requirements be adequately justified in a public rulemaking process. The Bank Board should proceed with extreme caution through the rulemaking process to make sure that its proposed rules do not indirectly restrict the exercise of State-granted powers the Board cannot restrict directly. My colleagues and I in the Congress will be monitoring closely the development of the Bank Board's guidelines under this authority to make sure that state regulatory systems are protected.

Mr. FRENZEL. Mr. Speaker, the conference report on H.R. 27, also known as the savings and loan bailout bailout bill, has become a consensus in this House.

The administration has negotiated up the new money to go into FSLIC to $10.8 billion from lesser figures in both House's versions—$10.8 billion is a big improvement, but it is still well short of the need.

The moratorium on new functions for banks may be politically attractive, but it's a cap out, and if not extended, will leave to the regulators decisions which should be made by Congress. I am also concerned that the 7 percent growth cap on grandfathered nonbank banks is unnecessarily restrictive.

The conference report falls short of what is needed, but the Congress is not going to have a better alternative this year. It will receive wide support, and I shall vote for it, too, as being better than the status quo.

Mr. BROOKS. Mr. Speaker, I rise to express my concern about the provision in this conference report that exempts all banking regulatory agencies from across-the-board sequestration cuts under the Gramm-Rudman law.

There may be entirely defendable reasons why these agencies should be exempted from sequestration cuts. Doing so, however, means that the amount cut from the budgets of every other defense and nondefense agency is increased. Many of these other agencies may be equally as worthy as the bank regulatory agencies of being exempted from the effects of an across-the-board sequestration cut. But, for a variety of reasons, these other agencies have not yet been singled out for special treatment under Gramm-Rudman.

The Gramm-Rudman law is a legislative atrocity that takes little, if any, notice of the importance of the mission of an agency or merits of a program when it lowers its deficit cutting ax. Consequently, instead of focusing on the deleterious impact that the provisions of this law have on just a few agencies, we should be examining the horrendous impact that the sequestration provisions of this law will have on the ability of all the agencies in the government to operate. Only then will we stop making the provisions of an awful law even worse.

Mr. LEACH of Iowa. Mr. Speaker, as a member of the conference committee, I would like to make several clarifying comments about the "2+2" exit fee imposed under section 21 of the Federal Home Loan Bank Act or under section 407(d) of the National Housing Act.

It is my understanding that this bill excepts three limited categories of institutions from these preexisting and continuing statutorily prescribed exit fees: First, those that already left the FSLIC system for the FDIC on or before March 31, 1987; second, those that actually filed with or gave notice to the FSLIC, the Bank Board, or a State or Federal banking agency regarding a transaction that would result in their leaving the FSLIC for the FDIC; and, third, those that entered into letters of intent or written memoranda of understanding regarding transactions that would result in their leaving the FSLIC for the FDIC.

It is also my understanding that this third category is intended to include those institutions that formally executed documents evidencing a decision to proceed with the transaction that results in their leaving the FSLIC, and conveyed those documents to parties involved in those transactions. It is not intended to include those institutions that had, by March 31, 1987, conveyed to the parties in their transactions or developed for their internal consideration less than formally executed decisions to proceed; for example, discussion memoranda, issues papers, or other manifestations of predecisional negotiation and analysis.

Mr. MANTON. Mr. Speaker, I rise to express my reservations concerning section 406 of this legislation. This section was not, previous to the conference, considered by either House of Congress. Section 406 provides a grant of new authority to the Federal Home Loan Bank Board to establish minimum capital requirements for thrift institutions on an institution-by-institution basis. Used improperly, this authority could allow the Board to dictate every business decision made by an institution it decided to single out. I want to make clear to the Board that Congress expects the Board to utilize this case-by-case authority sparingly. Moreover, I would expect the Board to promulgate a comprehensive rulemaking process in which the Board develops guidelines for the use of this authority. Those guidelines should protect institutions from any inequitable, arbitrary, or other abusive treatment by the Board or its agents. Mr. Speaker, as a member of the Committee on Banking, Housing and Urban Affairs, I expect to be consulted by the

Board before it begins the rulemaking process on this section. I also believe the committee must be attentive to our oversight duties as this authority is developed.

Mr. BRUCE. Mr. Speaker, today we will vote on the conference report on H.R. 27, the FSLIC Recapitalization Act of 1987. I support this legislation, and I would like to call to the attention of my colleagues a section of the report which is particular importance to those of us who represent agricultural districts.

In addition to providing much-needed recapitalization for FSLIC, the final conference report contains a measure of assistance for hard-pressed agricultural banks and their farmer-customers. The conference committee has included in its report language based on the Agricultural Loan Assistance Act which I along with 25 cosponsors introduced earlier this year.

This section will allow qualified agricultural banks to write down loans from their book value to their fair market value over a 7-year period. It also will allow farm banks to amortize their losses on the reduced value of farmland acquired in the process of handling an agricultural loan.

If we are to restore the health of the Nation's agricultural economy, I believe these provisions are essential. The high interest rates and low crop prices of the recent past have left many farmers with debts that they cannot pay off. Consequently, agricultural banks have been forced to swallow huge losses all at once, and many of them are facing failure. Because farmers desperately need the credit assistance these banks provide, if we are to solve the many problems facing American agriculture, we must ensure the sound fiscal health of agricultural banks.

While agricultural banks are among the best-capitalized lending institutions in the Nation, the rising tide of farm bank failures demonstrates that even their strong capital position has not made them immune to the difficulties so many in American agriculture have been experiencing. These lenders and their farmer-customers need time to work through their problems; they deserve the forbearance period provided by the loan loss amortization provisions of this legislation.

This legislation encourages lenders to negotiate with farmers on appropriate debt restructuring measures. This ability to amortize will reduce the pressure on these financial institutions to foreclose and ease the continued downward pressure on land prices. Allowing these agricultural banks to stretch out their losses will enable them to remain competitive suppliers of credit to farmers and will help keep our entire rural economy afloat.

This section of the conference report is endorsed by the Farm Bureau, the Wheat Growers, the Corn Growers, the Soybean Growers, the American Bankers Association, and the independent Bankers Association, organizations which recognize that agricultural banks and farmer-borrowers urgently need the help it will provide.

I would like to thank the members of the conference committee for including these provisions from the Agricultural Loan Assistance Act, and I urge my colleague to join me in passing this much-needed legislation.

Mr. AKAKA. Mr. Speaker, I thank the gentleman for yielding me this time and rise in support of the conference report on H.R. 27. As many of my colleagues have emphasized, this conference report is not perfect. However, the $10.8 billion FSLIC recap represents a major step toward the maintenance of public trust in sound, responsible savings institutions, such as those in the State of Hawaii, and creates a positive environment strengthening consumer confidence in the safety and security of their deposits. Along with the FSLIC recap, the forebearance provisions provide a solid foundation for the restoration of industry soundness in financially distressed markets. The achievement of these worthy objectives, without imposing an unescapable, restrictive burden upon healthy savings and loans, or turning to the American taxpayer for relief, deserves our commendation and support.

The legislation also reflects the commitment of the House to the protection of consumer banking rights and the reassertion of congressional oversight over our Nation's banking activity. On both of these issues the conferees have arrived at fair compromises bridging diverse and competing interests.

I would like to express my gratitude and appreciation to the distinguished chairman of the Banking Committee, Mr. ST GERMAIN, and all the conferees for their diligence and efforts in bringing this equitable conference report to the floor.

I would also like to take the opportunity to extend my deepest aloha to the chairman of the Banking Committee, Mr. ST GERMAIN, the members of the committee, and the committee staff for their favorable consideration of circumstances unique to financial and industrial loan institutions in Hawaii in the drafting of titles II and VI.

Again, I thank the gentleman for yielding me this time and urge the bipartisan adoption of this legislation by my colleagues.

Mr. LOWRY of Washington. Mr. Speaker, I would like to take this opportunity to commend the chairman of the House Banking Committee, Mr. ST GERMAIN, for his excellent work on this very difficult piece of legislation and for his cooperation in addressing concerns of specific interest to institutions in my State of Washington. In particular, I would like to make explicitly clear the intent of an amendment to section 106 offered by my colleague, Mr. LEHMAN of California, which was adopted by the conference committee.

At the urging of Mr. LEHMAN, the conferees agreed to an amendment to exempt from the prohibitions contained in section 106 the purchase by Washington Mutual Savings Bank of one or more insured institutions. Section 106 as amended by Mr. LEHMAN and the conferees allows Washington Mutual to acquire FSLIC-insured savings institutions and hold them as subsidiaries and permit those savings institutions to be affiliated with Washington Mutual's securities subsidiary. This amendment also allows this securities subsidiary to establish offices, director and employee relationships with these new savings institution affiliates, just as are now maintained between Washington Mutual and this subsidiary.

I thank Mr. LEHMAN for his work on this matter and appreciate the support and cooperation provided by Mr. ST GERMAIN in urging adoption of Mr. LEHMAN's amendment by the conferees.

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I thank Mr. LEHMAN for his work on this matter and appreciate the support and cooperation provided by Mr. ST GERMAIN in urging adoption of Mr. LEHMAN's amendment by the conferees.

Mr. SCHUMER. Mr. Speaker, I wish to clarify the intent of an amendment which I introduced to H.R. 27, the banking bill which we are now considering. This amendment is now Section 201(b)(2) of the bill.

The cause of my introducing the amendment was my concern that Federal banking agencies would expand the securities activities of banks and their subsidiaries during the moratorium period set by title II of the bill on a determination other than the "engaged principally" standard of the original Senate version of this section.

In particular, the public sale of securitized bank assets, including mortgage-backed securities, is an activity covered by the amendment. Any such transaction for a bank, its subsidiary, or a bank holding company not specifically authorized in writing prior to March 5, 1987, is not to be authorized or allowed, by action, inaction, or otherwise, during the moratorium.

My intent to cover asset-backed securities in the moratorium is made clear in the addition of the exemption for "sales or transactions closed on or before June 30, 1987." Had I intended to exclude these activities from inclusion in the moratorium, this sentence would not have been necessary. The "lawfully engaged" exception to section 201(b)(2) is meant to cover only matters which a regulator has informally approved and which banks and bank organizations have carried on regularly and without dispute for extended periods. The public sale of asset-backed securities is not included in the "lawfully engaged" exception.

The SPEAKER pro tempore (Mr. MURTHA). The Chair wishes to state that the gentleman from New York

[Mr. LAFALCE] has 3 minutes remaining.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in summing up the opposition, I do not think I could do any better than quote at this time from an editorial in the Detroit News.

It said this:

Congress has come up with a solution, but it will only prolong the problem and should be vetoed by President Reagan. Otherwise the taxpayer is going to be left holding the tab. Ronald Reagan's credibility as an anti-tax crusader is on the line."

The conference bill, while it does not realistically deal with the problem of weak thrifts, does contain special provisions which would make it more difficult for new financial institutions, if you look back on so-called nonbank banks, to operate. This is clearly special interest, anticonsumer, anti-taxpayer legislation. Making it difficult to operate a consumer bank should not be a top priority. Real reform of the funding system or the FSLIC system is urgent. This bill creates a barrier where it is not needed and fails to deal with a pressing problem. It is sure to result in a tax increase on the American public. The President should veto it just as surely as he would any other tax increase.

In reviewing the comments that have been made by other Members for and against, I think the most salient arguments were made by the gentleman from Massachusetts [Mr. FRANK]. He said there are philosophical differences, and while there are special interests on virtually every side of every piece of legislation, that is almost always true with respect to banking legislation. The public is really not that knowledgeable about banking legislation, and oftentimes, it seems as if the Congress is simply refereeing among competing special interests.

Here, though, I think the composite bill before us now appeals to virtually every anticompetitive instinct one could come up with, and hence, the special interests who are anticompetitive. In title I, for example, who prevailed there? The American Bankers Association, who did not want limited service banks, the Independent Bankers Association, who did not want the competition from limited service banks. That title is anticompetitive.

Also within title I, for example, are sections 103 and 106. Who prevailed there? The Securities Industry Association, the insurance industry, and the real estate industry, because they were able to impose a moratorium on State action, even though State action had not been prohibited in the past by Glass-Steagall.

The difficulty is that there are so many special interest provisions of that nature that the public winds up the loser.

With respect to the argument that we must pass the recapitalization of FSLIC today, that weakens, in my judgment, for if this bill, by some miracle, should be defeated, we could come back today or tomorrow with a clean FSLIC recap, as we did in the 99th Congress, and as the chairman wanted to do at the beginning of this Congress.

Mr. WYLIE. Mr. Speaker, I yield such time as he may consume to the gentleman from Washington [Mr. MILLER].

(Mr. MILLER of Washington asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Washington. Mr. Speaker, I rise in support of this conference report.

Mr. Speaker, today we take up the conference report on H.R. 27, a bill which we passed to recapitalize the Federal Savings and Loan Insurance Corporation.

When we voted on this bill in May, the House considered a clean FSLIC recapitaliztion bill. We did not take up the nonbank-bank issue or other provisions now before us. I would have preferred the House to take up these issues and debate them in a timely and thoughtful manner. We should have debated and voted on several of these provisions.

I will vote in favor of this conference report, Mr. Speaker, because recapitalization of the FSLIC is a national priority. The conference report also puts a limit on the time a bank may place a hold on checks. I have supported similar legislation in the past.

What does concern me, Mr. Speaker, is the limited attention we are giving to a moratorium on the creation of nonbank banks after March 5, 1987. Those nonbank banks are limited to an annual growth of 7 percent. We also will permit nonbank banks and securities firms to buy failing savings and loans.

This bill also contains significant provisions not included in the House bill which temporarily prohibit banks from providing financial services—such as securities brokerage, insurance sales and real estate transactions which they were not providing before March 5, 1987 until March 1, 1988. Fortunately, this moratorium will end.

Bringing these new major provisions before us today is not the best way to legislate. The world of financial services has changed significantly since the last major banking legislation was considered in the 1930's. The House deserves time to debate these issues and decide what reforms may be needed. We gave the conferees a properly limited bill. For more than 5 years, we have needed a constructive debate about the future of the financial services industry. I can understand why they raised the recapitalization figure from about $5 billion to $10.8 billion. A case has been made about the need for adequate funding of FSLIC. That was within the parameters of the House bill. However, these other major shifts in law are matters which cause me serious problems.

Mr. Speaker, I hope that the House Banking Committee will take a careful look at these provisions as soon as hearings can be arranged.

The SPEAKER pro tempore. The Chair will state that the gentleman from Ohio [Mr. WYLIE] has 1 minute remaining.

Mr. ST GERMAIN. Mr. Speaker, I yield 1 additional minute from my time to the gentleman from Ohio [Mr. WYLIE].

The SPEAKER pro tempore. The gentleman from Ohio [Mr. WYLIE] now has 2 minutes remaining.

Mr. WYLIE. Mr. Speaker, I thank the Chair, and I thank the gentleman from Rhode Island [Mr. ST GERMAIN] very much. I yield myself such time as I may consume.

Mr. Speaker, I cannot emphasize strongly enough the necessity of moving forward on this bill. I think that the critical need to recapitalize the FSLIC has, at times, has gotten lost in some of the other debate on the more controversial sections of the bill: the nonbank bank loophole, closer in Title 1, and the moratorium provisions in Title 2.

□ 1600

As I noted earlier, closing the nonbank loophole closing has been extensively considered by the House Committee on Banking, Finance and Urban Affairs.

The 168 nonbank banks in existence on March 5 that are grandfathered under this bill are providing financial services but are not regulated to the same extent as banks. It is obvious that we will have to revisit this issue, and the gentleman from Rhode Island [Mr. ST GERMAIN], the chairman of the Banking Committee, has said that we will.

The point of all of this is that not one of the Members would have written this bill in the form that it comes before Congress today, but Congress has worked its will, and the President has said he will sign it.

This bill represents the best in our constitutional process, Mr. Speaker. It is a workable compromise. It is workable legislation.

We have an achievable bill. Mr. Speaker, I urge my colleagues to vote "yea" on the conference report, because we need it.

Mr. ST GERMAIN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I would like to in these brief closing moments state that on many occasions in the past few years, I have expressed a desire, a hope, a wish that we could work on financial institutions legislation on a one-by-one item basis.

We attempted that in the last Congress. We came to the floor with a bill, sent it to the other body, came to the floor with another bill, sent it to the other body.

We did that with three or four bills with no reaction from the other body.

In the early days of this Congress, we sent as we did in the last Congress the delayed funds availability, the check-cashing bill, to the other body, and it languished there.

Obviously, the desire to legislate one on one, one item by one item, so that when we come to the floor we are not buying a package, swallowing some things we are not too happy with, is still a dream that is to be realized.

We see it not only from this committee, but from most of the major committees. It has become the legislative "how to do it." I do not think it is the best way to legislate, but it seems as if it is the only way to legislate; and when things have to be done, you have to do it.

For that reason, we are before the House today with a comprehensive bill. In listening to the debate today, it becomes clear as to why the controversy.

So many Members came up with differing problems with differing sections of the bill. Maybe, just maybe, it is about the only way we can do it.

We are before the Members with a package that has been fine-tuned, agreed to by the administration, so in these waning moments, I would like to say to the staff who have worked weekends, nights, holidays since the end of the formal conference, thank you for your yeoman's service.

I would like to say thank you to Senator PROXMIRE and Senator GARN, and to the gentleman from Ohio [Mr. WYLIE], for a job well done, and also staff on both sides of the aisle, and also to Secretary Baker. I must say, he is some kind of compromiser. Without him, we would not be here today with a bill that the President has said he would sign.

For these reasons, I say to the Members, sure, it is not the perfect package; but like Bismarck once said, "It is a legislative sausage. Eat it and enjoy it. Don't let one or two little parts of it give you a stomach ache."

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. MURTHA). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DREIER of California. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 382, nays 12, not voting 39, as follows:

[Roll No. 294]

YEAS—382

Ackerman
Akaka
Andrews
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
AuCoin
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Bates
Bennett
Bentley
Berman
Bevill
Biaggi
Bilbray
Bilirakis
Bliley
Boggs
Boland
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Brennan
Brooks
Broomfield
Brown (CA)
Brown (CO)
Bruce
Bryant
Buechner
Bunning
Burton
Bustamante
Byron
Callahan
Campbell
Cardin
Carper
Carr
Chandler
Chapman
Chappell
Cheney
Clarke
Clay
Clinger
Coats
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Craig
Darden
Daub
Davis (IL)
Davis (MI)
de la Garza
DeFazio
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
DioGuardi
Donnelly
Dorgan (ND)
Dornan (CA)
Downey
Duncan
Durbin
Dwyer
Dyson
Early
Eckart
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flake
Flippo
Florio
Foglietta
Foley
Ford (MI)
Frenzel
Frost
Gallegly
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Grandy
Grant
Gray (PA)
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hansen
Harris
Hastert
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hiler
Hochbrueckner
Hopkins
Horton
Houghton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Hyde
Inhofe
Ireland
Jacobs
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolbe
Kolter
Konnyu
Kostmayer
Kyl
Lagomarsino
Lancaster
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Lipinski
Lloyd
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken, Thomas
Lukens, Donald
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Matsui
Mavroules
Mazzoli
McCandless
McCloskey
McCollum
McCurdy
McGrath
McMillan (NC)
McMillen (MD)
Meyers
Mfume
Mica
Michel
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Molinari
Mollohan
Montgomery
Moorhead
Morella
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Oxley
Packard
Panetta
Parris
Pashayan
Patterson
Pease
Pelosi
Penny
Pepper
Perkins
Petri
Pickett
Pickle
Porter
Price (IL)
Price (NC)
Pursell
Quillen
Rahall
Rangel
Ravenel
Ray
Regula
Rhodes
Richardson
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rostenkowski
Roth
Roukema
Rowland (CT)
Roybal
Russo
Sabo
Saiki
Savage
Sawyer
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Torres
Traficant
Traxler
Udall
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weber
Weiss
Weldon
Wheat
Whittaker
Williams
Wilson
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yatron
Young (AK)

NAYS—12

Anderson
Beilenson
Bonior (MI)
Crane
Dreier
Frank
Gradison
Holloway
LaFalce
Martinez
Moakley
Yates

NOT VOTING—39

Alexander
Atkins
Badham
Bereuter
Boehlert
Boner (TN)
Crockett
Daniel
Dannemeyer
Dingell
Dixon
Dowdy
Dymally
Espy
Ford (TN)
Gephardt
Gray (IL)
Hunter
Kemp
Lantos
Leland
Lent
Livingston
McDade
McEwen
McHugh
Moody
Owens (NY)
Owens (UT)
Ridge
Rose
Rowland (GA)
Slaughter (VA)
Tallon
Tauzin
Torricelli
Towns
Whitten
Young (FL)

□ 1610

Messrs. FRANK, BONIOR of Michigan, and YATES changed their votes from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the conference report on H.R. 27, which has just been adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1315, NUCLEAR REGULATORY COMMISSION AUTHORIZATION FOR FISCAL YEARS 1988 AND 1989

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 100-263) on the reso-

lution (H. Res. 237) providing for the consideration of the bill (H.R. 1315) to authorize appropriations for the Nuclear Regulatory Commission for fiscal years 1988 and 1989, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 132, NATIONAL DAY OF REMEMBRANCE OF THE ARMENIAN GENOCIDE OF 1915-1923

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 100-264) on the resolution (H. Res. 238) providing for the consideration of a joint resolution (H.J. Res. 132) designating April 24, 1987, as "National Day of Remembrance of the Armenian Genocide of 1915-1923," which was referred to the House Calendar and ordered to be printed.

CEMETERY IMPROVEMENTS AMENDMENTS OF 1987

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 2957, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Mississippi [Mr. MONTGOMERY] that the House suspend the rules and pass the bill, H.R. 2957, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 393, nays 0, not voting 40, as follows:

[Roll No. 295]

YEAS—393

Ackerman
Akaka
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
AuCoin
Baker
Ballenger
Barnard
Bartlett
Barton
Bateman
Bates
Beilenson
Bennett
Bentley
Berman
Bevill
Biaggi
Bilbray
Bilirakis
Bliley
Boggs
Boland
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boulter
Boxer
Brennan
Brooks
Broomfield
Brown (CA)
Brown (CO)
Bruce
Bryant
Buechner
Bunning
Burton
Bustamante
Byron
Callahan
Campbell
Cardin
Carper
Carr
Chandler
Chapman
Chappell
Cheney
Clarke
Clay
Clinger
Coats
Coble
Coelho
Coleman (MO)
Coleman (TX)
Collins
Combest
Conte
Conyers
Cooper
Coughlin
Courter
Coyne
Craig
Crane
Darden
Daub
Davis (IL)
Davis (MI)
de la Garza
DeFazio
DeLay
Dellums
Derrick
DeWine
Dickinson
Dicks
DioGuardi
Donnelly
Dorgan (ND)
Dornan (CA)
Downey
Dreier
Duncan
Durbin
Dwyer
Dyson
Early
Eckart
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Evans
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flake
Flippo
Florio
Foglietta
Foley
Ford (MI)
Frank
Frost
Gallegly
Gallo
Garcia
Gaydos
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Gradison
Grandy
Grant
Gray (PA)
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hansen
Harris
Hastert
Hatcher
Hawkins
Hayes (IL)
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hiler
Hochbrueckner
Holloway
Hopkins
Horton
Houghton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Hyde
Inhofe
Ireland
Jacobs
Jeffords
Jenkins
Johnson (CT)
Johnson (SD)
Jones (NC)
Jones (TN)
Jontz
Kanjorski
Kaptur
Kasich
Kastenmeier
Kennedy
Kennelly
Kildee
Kleczka
Kolbe
Kolter
Konnyu
Kostmayer
Kyl
LaFalce
Lagomarsino
Lancaster
Latta
Leach (IA)
Leath (TX)
Lehman (CA)
Lehman (FL)
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Lipinski
Lloyd
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken, Thomas
Lukens, Donald
Lungren
Mack
MacKay
Madigan
Manton
Markey
Marlenee
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCandless
McCloskey
McCollum
McCurdy
McGrath
McHugh
McMillan (NC)
McMillen (MD)
Meyers
Mfume
Mica
Michel
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Morella
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Oxley
Packard
Panetta
Parris
Pashayan
Patterson
Pease
Pelosi
Penny
Perkins
Pickett
Pickle
Porter
Price (IL)
Price (NC)
Pursell
Quillen
Rahall
Rangel
Ravenel
Ray
Regula
Rhodes
Richardson
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rostenkowski
Roth
Roukema
Rowland (CT)
Roybal
Russo
Sabo
Saiki
Savage
Sawyer
Saxton
Schaefer
Scheuer
Schneider
Schroeder
Schuette
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Slaughter (VA)
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (TX)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stallings
Stangeland
Stark
Stenholm
Stokes
Stratton
Studds
Stump
Sundquist
Sweeney
Swift
Swindall
Synar
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Torres
Traficant
Traxler
Udall
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weber
Weiss
Weldon
Wheat
Whittaker
Williams
Wilson
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)

NAYS—0

NOT VOTING—40

Alexander
Atkins
Badham
Bereuter
Boehlert
Boner (TN)
Crockett
Daniel
Dannemeyer
Dingell
Dixon
Dowdy
Dymally
Espy
Ford (TN)
Frenzel
Gephardt
Gray (IL)
Hunter
Kemp
Lantos
Leland
Lent
Livingston
McDade
McEwen
Moody
Owens (NY)
Owens (UT)
Pepper
Petri
Ridge
Rose
Rowland (GA)
Tallon
Tauzin
Torricelli
Towns
Whitten
Young (FL)

□ 1640

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

YSLETA DEL SUR PUEBLO AND ALABAMA AND COUSHATTA INDIAN TRIBES OF TEXAS RESTORATION ACT

Mr. VENTO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 318), to provide for the restoration of Federal recognition to the Ysleta del Sur Pueblo and the Alabama and Coushatta Indian Tribes of Texas, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Ysleta del Sur Pueblo and Alabama and Coushatta Indian Tribes of Texas Restoration Act".

SEC. 2. REGULATIONS.

The Secretary of the Interior or his designated representative may promulgate such regulations as may be necessary to carry out the provisions of this Act.

TITLE I—YSLETA DEL SUR PUEBLO RESTORATION

SEC. 101. DEFINITIONS.

For purposes of this title—

(1) the term "tribe" means the Ysleta del Sur Pueblo (as so designated by section 102);

(2) the term "Secretary" means the Secretary of the Interior or his designated representative;

(3) the term "reservation" means lands within El Paso and Hudspeth Counties, Texas—

(A) held by the tribe on the date of the enactment of this title;

(B) held in trust by the State or by the Texas Indian Commission for the benefit of the tribe on such date;

(C) held in trust for the benefit of the tribe by the Secretary under section 105(g)(2); and

(D) subsequently acquired and held in trust by the Secretary for the benefit of the tribe.

(4) the term "State" means the State of Texas;

(5) the term "Tribal Council" means the governing body of the tribe as recognized by the Texas Indian Commission on the date of enactment of this Act, and such tribal council's successors; and

(6) the term "Tiwa Indians Act" means the Act entitled "An Act relating to the Tiwa Indians of Texas." and approved April 12, 1968 (82 Stat. 93).

SEC. 102. REDESIGNATION OF TRIBE.

The Indians designated as the Tiwa Indians of Ysleta, Texas, by the Tiwa Indians Act shall, on and after the date of the enactment of this title, be known and designated as the Ysleta del Sur Pueblo. Any reference in any law, map, regulation, document, record, or other paper of the United States to the Tiwa Indians of Ysleta, Texas, shall be deemed to be a reference to the Ysleta del Sur Pueblo.

SEC. 103. RESTORATION OF THE FEDERAL TRUST RELATIONSHIP; FEDERAL SERVICES AND ASSISTANCE.

(a) FEDERAL TRUST RELATIONSHIP.—The Federal trust relationship between the United States and the tribe is hereby restored. The Act of June 18, 1934 (48 Stat. 984), as amended, and all laws and rules of law of the United States of general application to Indians, to nations, tribes, or bands of Indians, or to Indian reservations which are not inconsistent with any specific provision contained in this title shall apply to the members of the tribe, the tribe, and the reservation.

(b) RESTORATION OF RIGHTS AND PRIVILEGES.—All rights and privileges of the tribe and members of the tribe under any Federal treaty, statute, Executive order, agreement, or under any other authority of the United States which may have been diminished or lost under the Tiwa Indians Act are hereby restored.

(c) FEDERAL SERVICES AND BENEFITS.—Notwithstanding any other provision of law, the tribe and the members of the tribe shall be eligible, on and after the date of the enactment of this title, for all benefits and services furnished to federally recognized Indian tribes.

(d) EFFECT ON PROPERTY RIGHTS AND OTHER OBLIGATIONS.—Except as otherwise specifically provided in this title, the enactment of this title shall not affect any property right or obligation or any contractual right or obligation in existence before the date of the enactment of this title or any obligation for taxes levied before such date.

SEC. 104. STATE AND TRIBAL AUTHORITY.

(a) STATE AUTHORITY.—Nothing in this Act shall affect the power of the State of Texas to enact special legislation benefiting the tribe, and the State is authorized to perform any services benefiting the tribe that are not inconsistent with the provisions of this Act.

(b) TRIBAL AUTHORITY.—The Tribal Council shall represent the tribe and its members in the implementation of this title and shall have full authority and capacity—

(1) to enter into contracts, grant agreements, and other arrangements with any Federal department or agency, and

(2) to administer or operate any program or activity under or in connection with any such contract, agreement, or arrangement, to enter into subcontracts or award grants to provide for the administration of any such program or activity, or to conduct any other activity under or in connection with any such contract, agreement, or arrangement.

SEC. 105. PROVISIONS RELATING TO TRIBAL RESERVATION.

(a) FEDERAL RESERVATION ESTABLISHED.—The reservation is hereby declared to be a Federal Indian reservation for the use and benefit of the tribe without regard to whether legal title to such lands is held in trust by the Secretary.

(b) CONVEYANCE OF LAND BY STATE.—The Secretary shall—

(1) accept any offer from the State to convey title to any land within the reservation held in trust on the date of enactment of this Act by the State or by the Texas Indian Commission for the benefit of the tribe to the Secretary, and

(2) hold such title, upon conveyance by the State, in trust for the benefit of the tribe.

(c) CONVEYANCE OF LAND BY TRIBE.—At the written request of the Tribal Council, the Secretary shall—

(1) accept conveyance by the tribe of title to any land within the reservation held by the tribe on the date of enactment of this Act to the Secretary, and

(2) hold such title, upon such conveyance by the tribe, in trust for the benefit of the tribe.

(d) APPROVAL OF DEED BY ATTORNEY GENERAL.—Notwithstanding any other provision of law or regulation, the Attorney General of the United States shall approve any deed or other instrument which conveys title to land within El Paso or Hudspeth Counties, Texas, to the United States to be held in trust by the Secretary for the benefit of the tribe.

(e) PERMANENT IMPROVEMENTS AUTHORIZED.—Notwithstanding any other provision of law or rule of law, the Secretary or the tribe may erect permanent improvements, improvements of substantial value, or any other improvement authorized by law on the reservation without regard to whether legal title to such lands has been conveyed to the Secretary by the State or the tribe.

(f) CIVIL AND CRIMINAL JURISDICTION WITHIN RESERVATION.—The State shall exercise civil and criminal jurisdiction within the boundaries of the reservation as if such State had assumed such jurisdiction with the consent of the tribe under sections 401 and 402 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes." and approved April 11, 1968 (25 U.S.C. 1321, 1322).

(g) ACQUISITION OF LAND BY THE TRIBE AFTER ENACTMENT.—

(1) Notwithstanding any other provision of law, the Tribal Council may, on behalf of the tribe—

(A) acquire land located within El Paso County, or Hudspeth County, Texas, after the date of enactment of this Act and take title to such land in fee simple, and

(B) lease, sell, or otherwise dispose of such land in the same manner in which a private person may do so under the laws of the State.

(2) At the written request of the Tribal Council, the Secretary may—

(A) accept conveyance to the Secretary by the Tribal Council (on behalf of the tribe) of title to any land located within El Paso County, or Hudspeth County, Texas, that is acquired by the Tribal Council in fee simple after the date of enactment of this Act, and

(B) hold such title, upon such conveyance by the Tribal Council, in trust for the benefit of the tribe.

SEC. 106. TIWA INDIANS ACT REPEALED.

The Tiwa Indians Act is hereby repealed.

SEC. 107. GAMING ACTIVITIES.

(a) IN GENERAL.—All gaming activities which are prohibited by the laws of the State of Texas are hereby prohibited on the reservation and on lands of the tribe. Any violation of the prohibition provided in this subsection shall be subject to the same civil and criminal penalties that are provided by the laws of the State of Texas. The provisions of this subsection are enacted in accordance with the tribe's request in Tribal Resolution No. T.C.-02-86 which was approved and certified on March 12, 1986.

(b) NO STATE REGULATORY JURISDICTION.—Nothing in this section shall be construed as a grant of civil or criminal regulatory jurisdiction to the State of Texas.

(c) JURISDICTION OVER ENFORCEMENT AGAINST MEMBERS.—Notwithstanding section 105(f), the courts of the United States shall have exclusive jurisdiction over any offense in violation of subsection (a) that is committed by the tribe, or by any member of the tribe, on the reservation or on lands of the tribe. However, nothing in this section shall be construed as precluding the State of Texas from bringing an action in the courts of the United States to enjoin violations of the provisions of this section.

SEC. 108. TRIBAL MEMBERSHIP.

(a) IN GENERAL.—The membership of the tribe shall consist of—

(1) the individuals listed on the Tribal Membership Roll approved by the tribe's Resolution No. TC-5-84 approved December 18, 1984, and approved by the Texas Indian Commission's Resolution No. TIC-85-005 adopted on January 16, 1985; and

(2) a descendant of an individual listed on that Roll if the descendant—

(i) has ⅛ degree or more of Tigua-Ysleta del Sur Pueblo Indian blood, and

(ii) is enrolled by the tribe.

(b) REMOVAL FROM TRIBAL ROLL.—Notwithstanding subsection (a)—

(1) the tribe may remove an individual from tribal membership if it determines that the individual's enrollment was improper; and

(2) the Secretary, in consultation with the tribe, may review the Tribal Membership Roll.

TITLE II—ALABAMA AND COUSHATTA INDIAN TRIBES OF TEXAS

SEC. 201. DEFINITIONS.

For purposes of this title—

(1) the term "tribe" means the Alabama and Coushatta Indian Tribes of Texas (considered as one tribe in accordance with section 202);

(2) the term "Secretary" means the Secretary of the Interior or his designated representative;

(3) the term "reservation" means the Alabama and Coushatta Indian Reservation in Polk County, Texas, comprised of—

(A) the lands and other natural resources conveyed to the State of Texas by the Secretary pursuant to the provisions of section 1 of the Act entitled "An Act to provide for the termination of Federal supervision over the property of the Alabama and Coushatta Tribes of Indians of Texas, and the individual members thereof; and for other purposes." and approved August 23, 1954 (25 U.S.C. 721);

(B) the lands and other natural resources purchased for and deeded to the Alabama Indians in accordance with an act of the legislature of the State of Texas approved February 3, 1854; and

(C) lands subsequently acquired and held in trust by the Secretary for the benefit of the tribe;

(4) the term "State" means the State of Texas;

(5) the term "constitution and bylaws" means the constitution and bylaws of the tribe which were adopted on June 16, 1971; and

(6) the term "Tribal Council" means the governing body of the tribe under the constitution and bylaws.

SEC. 202. ALABAMA AND COUSHATTA INDIAN TRIBES OF TEXAS CONSIDERED AS ONE TRIBE.

The Alabama and Coushatta Indian Tribes of Texas shall be considered as one tribal unit for purposes of this title and any other law or rule of law of the United States.

SEC. 203. RESTORATION OF THE FEDERAL TRUST RELATIONSHIP; FEDERAL SERVICES AND ASSISTANCE.

(a) FEDERAL TRUST RELATIONSHIP.—The Federal recognition of the tribe and of the trust relationship between the United States and the tribe is hereby restored. The Act of June 18, 1934 (48 Stat. 984), as amended, and all laws and rules of law of the United States of general application to Indians, to nations, tribes, or bands of Indians, or to Indian reservations which are not inconsistent with any specific provision contained in this title shall apply to the members of the tribe, the tribe, and the reservation.

(b) RESTORATION OF RIGHTS AND PRIVILEGES.—All rights and privileges of the tribe and members of the tribe under any Federal treaty, Executive order, agreement, statute, or under any other authority of the United States which may have been diminished or lost under the Act entitled "An Act to provide for the termination of Federal supervision over the property of the Alabama and Coushatta Tribes of Indians of Texas, and the individual members thereof; and for other purposes" and approved August 23, 1954, are hereby restored and such Act shall not apply to the tribe or to members of the tribe after the date of the enactment of this title.

(c) FEDERAL BENEFITS AND SERVICES.—Notwithstanding any other provision of law, the tribe and the members of the tribe shall be eligible, on and after the date of the enactment of this title, for all benefits and services furnished to federally recognized Indian tribes.

(d) EFFECT ON PROPERTY RIGHTS AND OTHER OBLIGATIONS.—Except as otherwise specifically provided in this title, the enactment of this title shall not affect any property right or obligation or any contractual right or obligation in existence before the date of the enactment of this title or any obligation for taxes levied before such date.

SEC. 204. STATE AND TRIBAL AUTHORITY.

(a) STATE AUTHORITY.—Nothing in this Act shall affect the power of the State of Texas to enact special legislation benefitting the tribe, and the State is authorized to perform any services benefitting the tribe that are not inconsistent with the provisions of this Act.

(b) CURRENT CONSTITUTION AND BYLAWS TO REMAIN IN EFFECT.—Subject to the provisions of section 203(a) of this Act, the constitution and by laws of the tribe on file with the Committee on Interior and Insular Affairs is hereby declared to be approved for the purposes of section 16 of the Act of June 18, 1934 (48 Stat. 987; 25 U.S.C. 476) except that all reference to the Texas Indian Commission shall be considered as reference to the Secretary of the Interior.

(c) AUTHORITY AND CAPACITY OF TRIBAL COUNCIL.—No provision contained in this title shall affect the power of the Tribal Council to take any action under the constitution and bylaws described in subsection (b). The Tribal Council shall represent the tribe and its members in the implementation of this title and shall have full authority and capacity—

(1) to enter into contracts, grant agreements, and other arrangements with any Federal department or agency;

(2) to administer or operate any program or activity under or in connection with any such contract, agreement, or arrangement, to enter into subcontracts or award grants to provide for the administration of any such program or activity, or to conduct any other activity under or in connection with any such contract, agreement, or arrangement; and

(3) to bind any tribal governing body selected under any new constitution adopted in accordance with section 205 as the successor in interest to the Tribal Council.

SEC. 205. ADOPTION OF NEW CONSTITUTION AND BYLAWS.

Upon written request of the tribal council, the Secretary shall hold an election for the members of the tribe for the purpose of adopting a new constitution and bylaws in accordance with section 16 of the Act of June 18, 1934 (25 U.S.C. 476).

SEC. 206. PROVISIONS RELATING TO TRIBAL RESERVATION.

(a) FEDERAL RESERVATION ESTABLISHED.—The reservation is hereby declared to be a Federal Indian reservation for the use and benefit of the tribe without regard to whether legal title to such lands is held in trust by the Secretary.

(b) CONVEYANCE OF LAND BY STATE.—The Secretary shall—

(1) accept any offer from the State to convey title to any lands held in trust by the State or the Texas Indian Commission for the benefit of the tribe to the Secretary, and

(2) shall hold such title, upon conveyance by the State, in trust for the benefit of the tribe.

(c) CONVEYANCE OF LAND BY TRIBE.—At the written request of the Tribal Council, the Secretary shall—

(1) accept conveyance by the tribe of title to any lands within the reservation which are held by the tribe to the Secretary, and

(2) hold such title, upon such conveyance by the tribe, in trust for the benefit of the tribe.

(d) APPROVAL OF DEED BY ATTORNEY GENERAL.—Notwithstanding any other provision of law or regulation, the Attorney General of the United States shall approve any deed or other instrument from the State or the tribe which conveys title to lands within the reservation to the United States.

(e) PERMANENT IMPROVEMENTS AUTHORIZED.—Notwithstanding any other provision of law or rule of law, the Secretary or the tribe may erect permanent improvements, improvements of substantial value, or any other improvement authorized by law on the reservation without regard to whether legal title to such lands has been conveyed to the Secretary by the State or the tribe.

(f) CIVIL AND CRIMINAL JURISDICTION WITHIN RESERVATION.—The State shall exercise civil and criminal jurisdiction within the boundaries of the reservation as if such State had assumed such jurisdiction with the consent of the tribe under sections 401 and 402 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" and approved April 11, 1968 (25 U.S.C. 1321, 1322).

SEC. 207. GAMING ACTIVITIES.

(a) IN GENERAL.—All gaming activities which are prohibited by the laws of the State of Texas are hereby prohibited on the reservation and on lands of the tribe. Any violation of the prohibition provided in this subsection shall be subject to the same civil and criminal penalties that are provided by the laws of the State of Texas. The provisions of this subsection are enacted in accordance with the tribe's request in Tribal Resolution No. T.C.-86-07 which was approved and certified on March 10, 1986.

(b) NO STATE REGULATORY JURISDICTION.—Nothing in this section shall be construed as a grant of civil or criminal regulatory jurisdiction to the State of Texas.

(c) JURISDICTION OVER ENFORCEMENT AGAINST MEMBERS.—Notwithstanding section 206(f), the courts of the United States shall have exclusive jurisdiction over any offense in violation of subsection (a) that is committed by the tribe, or by any member of the tribe, on the reservation or on lands of the tribe. However, nothing in this section shall be construed as precluding the State of Texas from bringing an action in the courts of the United States to enjoin violations of the provisions of this section.

Amend the title so as to read: "An Act to provide for the restoration of the Federal trust relationship and Federal services and assistance to the Ysleta del Sur Pueblo and the Alabama and Coushatta Indian Tribes of Texas, and for other purposes.".

Mr. VENTO [during the reading]. Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. (Mr. MURTHA). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Minnesota?

Mr. RHODES. Mr. Speaker, reserving the right to object, will the gentleman explain the amendments?

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. RHODES. Mr. Speaker, under my reservation, I yield to the gentleman from Minnesota.

Mr. VENTO. I thank the gentleman for yielding.

Mr. Speaker, H.R. 318 is a bill to restore Federal recognition to two Indian tribes in the States of Texas, the Ysleta Del Sur Pueblo and the Alabama Coushatta Indian tribes.

H.R. 318 passed the House on April 21 by voice vote and was sent back from the Senate with an amendment in the nature of a substitute. The bill as amended is supported by the administration.

The Senate amendment makes changes to section 107 and 207 of the bill. These sections deal with the regulation of gaming on the respective reservations of the two tribes. It is my understanding that the Senate amendments to these sections are in line with the rational of the recent Supreme Court decision in the case of Cabazon Band of Mission Indians versus California. This amendment in effect would codify for these tribes the

holding and rational adopted in the Court's opinion in the case.

The Senate amendment also incorporates in the bill the current membership requirement of the Ysleta Del Sur Pueblo. The Pueblo imposes a minimum of one-eighth degree of Ysleta Del Sur Pueblo Indian blood as a condition for membership in the tribe.

I believe that the determination of requirements for membership in Indian tribes are the prerogative of the Indian tribes and I would oppose a policy which would congressionally impose blood quantum requirements for membership in Indian tribes. However, in this case, the amendment should not be viewed as a precedent for such policy since it merely incorporates an already existing tribal membership requirement and was included in the bill with the consent of the affected tribe.

I might add that this measure was introduced by the gentleman from Texas [Mr. COLEMAN] who has championed this issue and has done a good job. I hope there will be no objection. These are noncontroversial amendments.

Mr. RHODES. Mr. Speaker, I appreciate the gentleman's explanation.

Mr. UDALL. Mr. Speaker, H.R. 318 is a bill to restore Federal recognition to two Indian tribes in the State of Texas, the Ysleta Del Sur Pueblo and the Alabama Coushatta Indian Tribes.

H.R. 318 passed the House. It was sent back from the Senate with an amendment in the nature of a substitute. The bill as amended is supported by the administration.

The Senate amendment makes changes to sections 107 and 207 of the bill. These sections deal with the regulation of gaming on the respective reservations of the two tribes. It is my understanding that the Senate amendments to these sections are in line with the rational of the recent Supreme Court decision in the case of Cabazon Band of Mission Indians versus California. This amendment in effect would codify for these tribes the holding and rational adopted in the Court's opinion in the case.

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I believe that the determination of requirements for membership in Indian tribes are the prerogative of the Indian tribes and I would oppose a policy which would congressionally impose blood quantum requirements for membership in Indian tribes. However, in this case, the amendment should not be viewed as a precedent for such policy since it merely incorporates an already existing tribal membership requirement and was included in the bill with the consent of the affected tribe.

Mr. RHODES. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

A motion to reconsider was laid on the table.

MINIMUM ALTITUDE FOR AIRCRAFT FLYING OVER NATIONAL PARK SYSTEM UNITS

Mr. VENTO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 921) to require the Secretary of the Interior to conduct a study to determine the appropriate minimum altitude for aircraft flying over national park system units with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

SECTION 1. STUDY OF PARK OVERFLIGHTS.

(a) STUDY BY PARK SERVICE.—The Secretary of the Interior (hereinafter referred to as the "Secretary"), acting through the Director of the National Park Service, shall conduct a study to determine the proper minimum altitude which should be maintained by aircraft when flying over units of the National Park System. The Secretary of Transportation, acting through the Administrator of the Federal Aviation Administration (hereinafter referred to as the "Administrator"), shall provide technical assistance to the Secretary in carrying out the study.

(b) GENERAL REQUIREMENTS OF STUDY.—The study shall identify any problems associated with overflight by aircraft of units of the National Park System and shall provide information regarding the types of overflight which may be impacting on park unit resources. The study shall distinguish between the impacts caused by sightseeing aircraft, military aircraft, commercial aviation, general aviation, and other forms of aircraft which affect such units. The study shall identify those park system units, and portions thereof, in which the most serious adverse impacts from aircraft overflights exist.

(c) SPECIFIC REQUIREMENTS.—The study under this section shall include research at the following units of the National Park System: Cumberland Island National Seashore, Yosemite National Park, Hawaii Volcanoes National Park, Haleakala National Park, Glacier National Park, and Mount Rushmore National Memorial, and at no less than four additional units of the National Park System, excluding all National Park System units in the State of Alaska. The research at each such unit shall provide information and an evaluation regarding each of the following:

(1) the impacts of aircraft noise on the safety of the park system users, including hikers, rock-climbers, and boaters;

(2) the impairment of visitor enjoyment associated with flights over such units of the National Park System;

(3) other injurious effects of overflights on the natural, historical, and cultural resources for which such units were established; and

(4) the values associated with aircraft flights over such units of the National Park System in terms of visitor enjoyment, the protection of persons or property, search and rescue operations and firefighting.

Such research shall evaluate the impact of overflights by both fixed-wing aircraft and helicopters. The research shall include an evaluation of the differences in noise levels within such units of the National Park System which are associated with flight by commonly used aircraft at different altitudes. The research shall apply only to overflights and shall not apply to landing fields within, or adjacent to, such units.

(d) REPORT TO CONGRESS.—The Secretary shall submit a report to the Congress within 3 years after the enactment of this Act containing the results of the study carried out under this section. Such report shall also contain recommendations for legislative and regulatory action which could be taken regarding the information gathered pursuant to paragraphs (1) through (4) of subsection (c). Before submission to the Congress, the Secretary shall provide a draft of the report and recommendations to the Administrator for review. The Administrator shall review such report and recommendations and notify the Secretary of any adverse effects which the implementation of such recommendations would have on the safety of aircraft operations. The Administrator shall consult with the Secretary to resolve issues relating to such adverse effects. The final report shall include a finding by the Administrator that implementation of the recommendations of the Secretary will not have adverse effects on the safety of aircraft operations, or if the Administrator is unable to make such finding, a statement by the Administrator of the reasons he believes the Secretary's recommendations will have an adverse effect on the safety of aircraft operations.

(e) FAA REVIEW OF RULES.—The Administrator shall review current rules and regulations pertaining to flights of aircraft over units of the National Park System at which research is conducted under subsection (c) and over any other such units at which such a review is determined necessary by the Administrator or is requested by the Secretary. In the review under this subsection, the Administrator shall determine whether changes are needed in such rules and regulations on the basis of aviation safety. Not later than 180 days after the identification of the units of the National Park System for which research is to be conducted under subsection (c), the Administrator shall submit a report to Congress containing the results of the review along with recommendations for legislative and regulatory action which are needed to implement any such changes.

(f) AUTHORIZATION.—There are authorized to be appropriated such sums as may be necessary to carry out the studies and review under this section.

SEC. 2. FLIGHTS OVER YOSEMITE AND HALEAKALA DURING STUDY AND REVIEW.

(a) YOSEMITE NATIONAL PARK.—During the study and review periods provided in subsection (c), it shall be unlawful for any fixed wing aircraft or helicopter flying under visual flight rules to fly at an altitude of less than 2,000 feet over the surface of Yosemite National Park. For purposes of this subsection, the term "surface" refers to the highest terrain within the park which is within 2,000 feet laterally of the route of flight and with respect to Yosemite Valley such term refers to the upper-most rim of the valley.

(b) HALEAKALA NATIONAL PARK.—During the study and review periods provided in subsection (c), it shall be unlawful for any fixed

wing aircraft or helicopter flying under visual flight rules to fly at an altitude below 9,500 feet above mean sea level over the surface of any of the following areas in Haleakala National Park: Haleakala Crater, Crater Cabins, the Scientific Research Reserve, Halemauu Trail, Kaupo Gap Trail, or any designated tourist viewpoint.

(c) STUDY AND REVIEW PERIODS.—For purposes of subsections (a) and (b), the study period shall be the period of the time after the date of enactment of this Act and prior to the submission of the report under section 1. The review period shall comprise a 2-year period for Congressional review after the submission of the report to Congress.

(d) EXCEPTIONS.—The prohibitions contained in subsections (a) and (b) shall not apply to any of the following:

(1) emergency situations involving the protection of persons or property, including aircraft;

(2) search and rescue operations;

(3) flights for purposes of firefighting or for required administrative purposes; and

(4) compliance with instructions of an air traffic controller.

(e) ENFORCEMENT.—For purposes of enforcement, the prohibitions contained in subsection (a) and (b) shall be treated as requirements established pursuant to section 307 of the Federal Aviation Act of 1958. To provide information to pilots regarding the restrictions established under this Act, the Administrator shall provide public notice of such restrictions in appropriate Federal Aviation Administration publications as soon as practicable after the enactment of this Act.

SEC. 3. GRAND CANYON NATIONAL PARK.

(a) Noise associated with aircraft overflights at the Grand Canyon National Park is causing a significant adverse effect on the natural quiet and experience of the park and current aircraft operations at the Grand Canyon National Park have raised serious concerns regarding public safety, including concerns regarding the safety of park users.

(b) RECOMMENDATIONS.—

(1) SUBMISSION.—Within 30 days after the enactment of this Act, the Secretary shall submit to the Administrator recommendations regarding actions necessary for the protection of resources in the Grand Canyon from adverse impacts associated with aircraft overflights. The recommendations shall provide for substantial restoration of the natural quiet and experience of the park and protection of public health and safety from adverse effects associated with aircraft overflight. Except as provided in subsection (c), the recommendations shall contain provisions prohibiting the flight of aircraft below the rim of the Canyon, and shall designate flight free zones. Such zones shall be flight free except for purposes of administration and for emergency operations, including those required for the transportation of persons and supplies to and from Supai Village and the lands of the Havasupai Indian Tribe of Arizona. The Administrator, after consultation with the Secretary, shall define the rim of the Canyon in a manner consistent with the purposes of this paragraph.

(2) IMPLEMENTATION.—Not later than 90 days after receipt of the recommendations under paragraph (1) and after notice and opportunity for hearing, the Administrator shall prepare and issue a final plan for the management of air traffic in the air space above the Grand Canyon. The plan shall, by appropriate regulation, implement the recommendations of the Secr tary without change unless the Administrator determines that implementing the recommendations would adversely affect aviation safety. If the Administrator determines that implementing the recommendations would adversely affect aviation safety, he shall, not later than 60 days after making such determination, in consultation with the Secretary and after notice and opportunity for hearing, review the recommendations consistent with the requirements of paragraph (1) to eliminate the adverse effects on aviation safety and issue regulations implementing the revised recommendations in the plan. In addition to the Administrator's authority to implement such regulations under the Federal Aviation Act of 1958, the Secretary may enforce the appropriate requirements of the plan under such rules and regulations applicable to the units of the Natio:al Park System as he deems appropriate.

(3) REPORT.—Within 2 years after the effective date of the plan required by subsection (b)(2), the Secretary shall submit to the Congress a report discussing—

(A) whether the plan has succeeded in substantially restoring the natural quiet in the park; and

(B) such other matters, including possible revisions in the plan, as may be of interest. The report shall include comments by the Administrator regarding the effect of the plan's implementation on aircraft safety.

(c) HELICOPTER FLIGHTS OF RIVER RUNNERS.—Subsection (b) shall not prohibit the flight of helicopters

(1) which fly a direct route between a point on the north rim outside of the Grand Canyon National Park and locations on the Hualapai Indian Reservation (as designated by the Tribe); and

(2) whose sole purpose is transporting individuals to or from boat trips on the Colorado River and any guide of such a trip.

SEC. 4. The Administrator shall conduct surveillance of aircraft flights over the Boundary Waters Canoe Area Wilderness as authorized by the Act of October 21, 1978 (92 Stat. 1649-1659) for a period of not less than 180 days beginning within 60 days of enactment of this Act. In addition to any actions the Administrator may take as a result of such surveillance, he shall provide a report to the Committee on Interior and Insular Affairs and the Committee on Public Works and Transportation of the United States House of Representatives and to the Committee on Energy and Natural Resources and the Committee on Commerce, Science, and Transportation of the United States Senate. Such report is to be submitted within 30 days of completion of the surveillance activities. Such report shall include but not necessarily be limited to information on the type and frequency of aircraft using the airspace over the Boundary Waters Canoe Area Wilderness.

SEC. 5. ASSESSMENT OF NATIONAL FOREST SYSTEM WILDERNESS OVERFLIGHTS.

(a) ASSESSMENT BY FOREST SERVICE.—The Chief of the Forest Service (hereinafter referred to as the "Chief") shall conduct an assessment to determine what, if any, adverse impacts to wilderness resources are associated with overflights of National Forest System wilderness areas. The Administrator of the Federal Aviation Administration shall provide technical assistance to the Chief in carrying out the assessment. Such assessment shall apply only to overflight of wilderness areas and shall not apply to aircraft flights or landings adjacent to National Forest System wilderness units. The assessment shall not apply to any National Forest System wilderness units in the State of Alaska.

(b) REPORT TO CONGRESS.—The Chief shall submit a report to Congress within 2 years after enactment of this Act containing the results of the assessments carried out under this section.

(c) AUTHORIZATION.—Effective October 1, 1987, there are authorized to be appropriated under sums as may be necessary to carry out the assessment under this section.

SEC. 6. CONSULTATION WITH FEDERAL AGENCIES.

In conducting the study and the assessment required by this Act, the Secretary of the Interior and the Chief of the Forest Service shall consult with other Federal agencies that are engaged in an analysis of the impacts of aircraft overflights over federally-owned land.

Mr. VENTO. (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Minnesota?

Mr. RHODES. Mr. Speaker, reserving the right to object, will the gentleman explain the amendment?

Mr. VENTO. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I am glad to yield to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. I thank the gentleman for yielding.

Mr. Speaker, the House passed H.R. 921 by voice vote on May 4, 1987, and I am very pleased that the Senate has acted so expeditiously to complete action on this important legislation.

Mr. Speaker, several Members of the House deserve great credit for their perseverance, and hard work over the last several years on this bill. TONY COELHO, who introduced H.R. 921 and a similar bill in the 99th Congress; the honored chairman of the Interior Committee, MO UDALL, whose special interest in the Grand Canyon has shaped that precedent-setting language in this measure to help protect that great national park; NORM MINETA whose help was essential to the passage of the bill and DANNY AKAKA who worked to gain protection for national parts in Hawaii, are to be commended for their efforts in crafting this legislation.

The Senate amendments are acceptable to me and I urge adoption of H.R. 921.

I thank the gentleman for yielding and for allowing me to explain the bill.

Mr. MINETA. Mr. Speaker, will the gentleman yield?

Mr. RHODES. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from California.

Mr. MINETA. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of passage of H.R. 921 with the Senate amendments. This is an important piece of legislation that accomplishes two broad objectives with respect to aircraft overflights of national parks. First, it authorizes comprehensive studies of the problems associated with aircraft overflights. Second, it requires regulation of overflights over three national parks, Grand Canyon, Yosemite, and Halenkala, where the problems are already understood.

With this legislation, the quite so essential to the enjoyment of our national parks will be restored. It is important to note that the bill very carefully delineates the responsibilities of the Government agencies involved, particularly the Federal Aviation Administration's role as regulator and manager of the Nation's airspace.

I want to commend our colleagues from the Committee on Interior and Insular Affairs for their fine work and diligence on this legislation, the gentleman from California [Mr. COELHO] for his authorship and leadership, and for the cooperation they have afforded me and the Committee on Public Works and Transportation in crafting a good, workable piece of legislation.

The Senate amendments to the House-passed bill are minor and mostly clarifying in nature and represent improvements. The House should accept them, and send this legislation to the President.

Again, Mr. Speaker, I urge the House to pass this important legislation.

Mr. RHODES. Mr. Speaker, I thank the gentleman for his statement.

Mr. COELHO. Mr. Speaker, will the gentleman yield?

Mr. RHODES. Further reserving the right to object, I yield to the gentleman from California.

Mr. COELHO. I thank the gentleman for yielding.

Mr. Speaker, 2 years ago this fall we began the process that has led to the final consideration of this bill today. During an oversight hearing at Yosemite National Park in October 1985, it was brought to my attention that the serenity of Yosemite was being destroyed by noise from overflights of the park.

It was not the first time I had heard this complaint. Over 3 years ago I worked to get an agreement between the Park Service and the Federal Aviation Administration to advise pilots that they should remain at least 2,000 feet above the surface of our parks. However, my constituents pointed out to me at the Yosemite hearing that the FAA advisory was not working.

It became apparent that a complete FAA policy on regulating flights over the national parks would be impossible without a study of the problem. I introduced H.R. 921 so we could look at the places where the overflights are taking place. I also was concerned about doing something to address the complaints being heard in Yosemite and other parks.

As a result, during the study period we will restrict flights over Yosemite by mandating that planes and helicopters stay at least 2,000 feet above the surface of the park. Restrictions are also placed on one of Hawaii's national parks and the Grand Canyon.

The House originally passed H.R. 921 in early May. The Senate made some minor changes to the bill and I am pleased to support these changes today.

I want to say a few words about the steps we have taken to restore the peace and quiet of the Grand Canyon. There is no argument that this magnificent park has the worst overflights problem. Since 1975 we have been studying their particular situation, but we have done nothing to address it. H.R. 921 at last provides a comprehensive scheme for regulating air traffic over the canyon.

It is sad that it took a tragic accident last year to show everyone how crowded the skies were over this park. Today we are taking a giant step forward to insure that the canyon will remain a national treasure and a safe place to visit.

I want to express my appreciation to Mr. UDALL, Mr. VENTO, and Mr. MINETA for their strong support for this legislation. It would not have been possible without their leadership and active role in drafting the language of the bill.

I also want to acknowledge the assistance and cooperation of the staff director of the National Parks Subcommittee, Dale Crane. He has put in many hours on this bill and helped insure its smooth passage through the committee and through both Houses of Congress.

Mr. Speaker, I urge my colleagues to offer their strong support for H.R. 921 so we can send a clear message that we are serious about protecting and preserving our national parks.

Mr. RHODES. I thank the gentleman for his comments.

Mr. Speaker, further reserving the right to object, I agree with the gentleman 100 percent. This bill in its revised version I think personally is better than when it left this House. I think it is an extremely important bill not only for the State of Arizona, but for all citizens of this country and other countries who visit this national treasure, our Grand Canyon.

I also want to express my appreciation to my colleagues from Arizona in the other body, Senator MCCAIN and Senator DECONCINI, for their excellent work on this bill. It is an excellent bill.

Mr. Speaker, I rise in strong support of the version of H.R. 921 before us today. As you know, this bill would require the Secretary of the Interior to conduct a study to determine the appropriate minimum altitude for aircraft flights over national park system units. This bill was passed by the House on May 4 and was recently approved by the Senate.

During Senate consideration of H.R. 921, several amendments were adopted. They include requiring the Federal Aviation Administration [FAA] to define the rim of the Grand Canyon, requiring the Secretary of Agriculture to assess the impacts of aircraft flights over national forest wilderness areas, expanding the exemption of units from the overflights study to include all Alaska National Park Service units and clarifying that the FAA is the primary authority for the regulation of airspace over the Grand Canyon. I believe these amendments improve and strengthen H.R. 921.

Mr. Speaker, aircraft overflights of our Nation's national parks is a difficult issue which deserves serious attention and consideration. The study mandated by H.R. 921 will provide Congress with the information needed to determine appropriate future action on this issue. Therefore, I urge my colleagues to approve this legislation as amended.

Mr. UDALL. Mr. Speaker, I am very pleased to bring before the House today final legislation addressing aircraft overflights of our national parks. I and many members of both the Interior Committee and the Committee on Public Works have worked long and hard on it and we have had exceptional bipartisan support for this important effort.

Although this is primarily a bill to study the aircraft overflight problem at some parks, the bill includes specific direction for action to be taken at Grand Canyon National Park. There, the problem has become acute. Furthermore, the actions, or better put, the inactions of the Interior Department and the Federal Aviation Administration to do anything meaningful to protect the park and the public have forced the Congress to step in and require them to effect a plan.

The measure that has come back to us is not much different from the measure overwhelmingly approved by the House on two occasions. It does clarify language insuring that the FAA is the agency with final authority over the control of airspace. This had been the position of the House bill all along, but the amended bill charts the same course with different language.

The bill before us also preserves the very vital role of the Park Service in developing a plan that protects the interests of Grand Canyon National Park.

There is one matter in the bill before us that I would like to clarify, however. Section 3(b)(1) requires, among other things, that the plan for Grand Canyon ban flights below the rim and establish flight free zones. The section also exempts necessary administrative and emergency flights from the below-the-rim ban and the flight free zones. The language is written

in such a way that it might be construed to mean that these flights are exempted from the flight free zones only, and not the below-the-rim ban. I want to make it absolutely clear that it is now and always has been our intention to exempt necessary administrative and emergency flights from both proscriptions.

Mr. Speaker, I believe the other body has done a commendable job of preserving the thrust and meaning of the House bill while incorporating some improvements and I urge my colleagues to support it.

Mr. HOWARD. Mr. Speaker, I rise in support of H.R. 921, a bill to authorize a comprehensive study of the impact of aircraft overflights over our national parks. The bill further directs regulations at those national parks where the problem of overflights has been demonstrated.

The Senate amendments are acceptable to the Committee on Public Works and Transportation, and I believe we should move forward and send this legislation to the President for signature.

I commend our colleagues on the Committee on Interior and Insular Affairs with which the Committee on Public Works and Transportation shares jurisdiction on this matter. Their work and cooperation is very much appreciated and I thank them.

Again, I urge passage of H.R. 921.

Mr. RHODES. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. HAYES of Illinois). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. VENTO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 921, which we have just considered, and on H.R. 318, which was considered previously.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

APPEAL RIGHTS FOR CERTAIN EMPLOYEES OF THE POSTAL SERVICE

Mr. McCLOSKEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 348) to amend title 39, United States Code, to extend to certain officers and employees of the U.S. Postal Service the same procedural and appeal rights with respect to certain adverse personnel actions as are afforded under title 5, United States Code, to Federal employees in the competitive service, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

That (a) section 1005(a) of title 39, United States Code, is amended by adding at the end thereof the following:

"(4)(A) Subchapter II of chapter 75 of title 5 shall apply—

"(i) to any preference eligible in the Postal Service who is an employee within the meaning of section 7511(a)(1)(B) of such title; and

"(ii) to any other individual who—

"(I) is in the position of a supervisor or a management employee in the Postal Service, or is an employee of the Postal Service engaged in personnel work in other than a purely nonconfidential clerical capacity; and

"(II) has completed 1 year of current continuous service in the same or similar positions.

"(B)(i) The second sentence of paragraph (2) of this subsection applies with respect to the provisions of subparagraph (A) of this paragraph, to the extent that such provisions relate to preference eligibles.

"(ii) The provisions of subparagraph (A) of this paragraph shall not, to the extent that such provisions relate to an individual under clause (ii) of such subparagraph, be modified by any program developed under section 1004 of this title.".

(b)(1) The amendment made by subsection (a) shall be effective after the expiration of the 30-day period beginning on the date of the enactment of this Act.

(2) An action which is commenced under section 1005(a)(1)(B) of title 39, United States Code, before the effective date of the amendment made by subsection (a) shall not abate by reason of the enactment of this Act. Determinations with respect to any such action shall be made as if this Act had not been enacted.

Mr. McCLOSKEY [during the reading]. Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Indiana?

Mr. TAYLOR. Mr. Speaker, reserving the right to object, I will not object but rather will address the merits of H.R. 348 and state for the record that this bill has the full support of the minority.

Appeal rights for postmasters and postal supervisors have been a long time in coming. Similar legislation passed the House in the 99th Congress, only to be held up in the other body in the waning days of the session. As such, I am pleased at the bill's steady progress in this Congress.

Some may ask why this bill is necessary, citing the system already in place to address adverse actions. The Post Office and Civil Service Committee has studied this issue at length and has come to the conclusion that an impartial body, such as the Merit Systems Protection Board, offers the best forum for the resolution of adverse action cases.

Mr. Speaker, this bill is a step forward in Postal Service employee policy. I urge my colleagues to support it.

Mr. McCLOSKEY. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR. Further reserving the right to object, I yield to the gentleman from Indiana.

Mr. McCLOSKEY. I thank the gentleman for yielding.

Mr. Speaker, I rise to urge approval of H.R. 348, a bill originally passed by the House in March and amended by the Senate which allows nonveteran managerial and supervisory employees of the U.S. Postal Service access to an impartial review of adverse personnel actions.

The measure before us today has an extensive legislative history as it has been twice considered and passed by the House. In the 99th Congress we passed H.R. 2854, a bill which is essentially the same as the one presently under consideration. A similar measure was also reported from the Senate Governmental Affairs Committee but failed to reach the Senate floor before adjournment.

At the beginning of this Congress, the Postal Employee Appeal Rights bill was again introduced by Congressman MERVYN DYMALLY. Although H.R. 348 is similar to the measure previously passed by the House, language was included to accommodate the Postal Service and the Senate. This provision would permit the Postal Service to seek, through the Office of Personnel Management, judicial review of certain Merit Systems Protection Board decisions which have a precedent-setting impact on postal personnel policy. H.R. 348 received bipartisan support from the members of the Post Office and Civil Service Committee and was passed by the House on March 3 under the suspension calendar.

Because of a pending court case, however, the Senate Governmental Affairs Committee found the above clarifying provision unnecessary and amended H.R. 348 by striking the above provision. The amended version of the bill was passed by the Senate on July 28 and returned to the House for further consideration.

Mr. Speaker, I concur with the action taken by the other body and urge the Members of House to support passage of H.R. 348, as amended.

Ms. OAKAR. Mr. Speaker, will the gentleman yield to me?

Mr. TAYLOR. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Speaker, I certainly want to compliment my friend from Indiana [Mr. McCLOSKEY] as well as Members of the minority for this bill. I do not know if Members realize what a significant bill that is in assuring rights for

Government workers but it really is, and I just wanted to compliment my friend from Indiana and those who have worked so hard on this bill.

Mr. TAYLOR. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Indiana?

There was no objection.

A motion to reconsider was laid on the table.

JOHN E. GROTBERG POST OFFICE BUILDING

Mr. McCLOSKEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 1403) to designate the U.S. Post Office Building located in St. Charles, IL, as the "John E. Grotberg Post Office Building," with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, after line 9, insert:

CLARIFICATION RELATING TO CONSIDERATION OF PRE-1987 SERVICE AS AN AIR TRAFFIC CONTROLLER FOR RETIREMENT PURPOSES

SEC. 2. (a) For purposes of subchapter III of chapter 83 of title 5, United States Code, and chapter 84 of such title—

(1) service as an air traffic controller shall, with respect to any annuity which is based on a separation from service, or death, occurring on or after January 1, 1987, include any service as an air traffic controller whether performed before, on, or after January 1, 1987; and

(2) the Office of Personnel Management shall accept the certification of the Secretary, or the designee of the Secretary, in determining the amount of any service performed by an individual as an air traffic controller.

(b) For purposes of this section—

(1) the term "air traffic controller" has the meaning given such term by section 2109(1) of title 5, United States Code, as amended by section 207(b) of the Federal Employees' Retirement System Act of 1986 (Public Law 99-335; 100 Stat. 594); and

(2) the term "Secretary" has the meaning given such term by section 2109(2) of title 5, United States Code.

Mr. McCLOSKEY (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Indiana?

Mr. TAYLOR. Mr. Speaker, reserving the right to object, and I will not object, H.R. 1403 honors our friend and former colleague, from Illinois, John Grotberg, whose career and service to this country was cut short by his untimely death. It was an honor to serve in this body with him and it is in his memory that we dedicate and rename this post office.

In addition, this bill contains technical amendments to the Federal Employees' Retirement System and Civil Service Retirement System which clarify congressional intent with regards to pre-1987 service for certain classes of air traffic controllers. Due to an administrative interpretation of the law, only post-January 1, 1987, service was creditable as air traffic controller service for these special classes of air traffic controllers. This provision clarifies congressional intent by specifying that service performed before, on or after January 1, 1987, is creditable as air traffic controller service.

This provision corrects an administrative interpretation which caused substantial hardship for many air traffic controllers who had retired since the beginning of the year. Believing they were entitled to retirement, many of these former employees sold their homes and relocated to other parts of the country. Through enactment of these provisions, these former employees may once again rest assured of their retirement benefits.

Mr. McCLOSKEY. Mr. Speaker, will the gentleman yield to me?

Mr. TAYLOR. Further reserving the right to object, I yield to the gentleman from Indiana for an explanation.

Mr. McCLOSKEY. I thank the gentleman for yielding.

Mr. Speaker, the Senate amendment to H.R. 1403 would correct a very serious problem affecting more than 100 employees of the Federal Aviation Administration who are employed as flight service station specialists.

The purpose of the Senate amendment is to clarify congressional intent with respect to section 207 of the Federal Employees' Retirement System Act of 1986.

Section 207 amended the definition of "air traffic controller" contained in section 2109 of title 5, United States Code, to include service as a flight service station specialist. It was the intention of the House and Senate conferees that such amendment would apply to all service as a flight service station specialist, whether performed before, on, or after January 1, 1987, the effective date of the new Federal employees' retirement system.

The Office of Personnel Management, however, interpreted the amendment to apply only to service performed on or after January 1, 1987. Thus, flight service station service performed before January 1, 1987, would not qualify as air traffic controller service for purposes of the 20-year retirement eligibility provision or the minimum 50-percent annuity benefit.

Unfortunately, as a result of an administrative misunderstanding, over 100 FAA employees were allowed to retire based on the presumption that flight service station specialist service performed before January 1, 1987, was fully creditable as "air traffic controller" service. About two-thirds of these employees currently are receiving retirement benefits which will soon be terminated in the absence of corrective legislation.

The remaining one-third of the separated employees have been denied retirement benefits, thus leaving them with no source of income.

The Senate amendment, in conformance with the original intent of Congress, will rectify this unfortunate situation.

□ 1655

Mr. HASTERT. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR. I yield to the gentleman from Illinois.

Mr. HASTERT. Mr. Speaker, I appreciate the gentleman from Missouri yielding to me to say a few short words about my predecessor, John Grotberg.

Shortly upon arriving as a new Member of Congress this past January, I introduced H.R. 1403 to serve as an enduring tribute to a man who served so honorably during his short career in Congress. During the last 7 months, as this legislation has progressed through both bodies of Congress, many, many of John's colleagues have spoken of the contributions he made to this body, and perhaps more importantly, to the citizens of Illinois who he so deeply cared about.

I am very pleased that final passage of this bill will take place in the same Chamber of Congress in which John served. I know that all Members of this body who served with John share the gratification of knowing that their former colleague will be remembered in this manner. The John E. Grotberg Post Office Building in his hometown of St. Charles will serve as a reminder of John's commitment to public service. But to those who knew John Grotberg, and there were many, it will mean much, much more.

I would like to extend my sincere appreciation to the distinguished chairman of the Post Office and Civil Service Committee, Mr. FORD, and the ranking minority member, Mr. TAYLOR, for their hard work and expedient handling of this bill honoring one of their former colleagues.

Mr. TAYLOR. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. HAYES of Illinois). Is there objection to the initial request of the gentleman from Indiana?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. McCLOSKEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate amendment just considered and adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXPRESSING SENSE OF THE HOUSE ON FUTURE UNITED STATES ASSISTANCE TO PAKISTAN

Mr. LEVINE of California. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the resolution (H. Res. 239) expressing the sense of the House of Representatives on future United States assistance to Pakistan, and ask for its immediate consideration in the House.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. LEACH of Iowa. Mr. Speaker, reserving the right to object, I would take this opportunity to ask for an explanation from the gentleman from California [Mr. LEVINE].

Mr. LEVINE of California. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I yield to the gentleman from California.

(Mr. LEVINE of California asked and was given permission to revise and extend his remarks.)

Mr. LEVINE of California. Mr. Speaker, this bipartisan sense-of-Congress resolution expresses Congress' concern about Pakistan's continuing pursuit of a nuclear weapons capability, and our support for the administration's efforts to get Pakistan to comply with its past assurances regarding the nature of its nuclear program. The resolution was prompted by two events—the recent indictment of a Pakistani national on charges of trying to illegally export nuclear technology to Pakistan, and the administration's ongoing discussions with Pakistan about the future of our relationship in the wake of this incident.

This process of reviewing and reevaluating our relationship in a painful one for both Pakistan and the United States. In view of the close relations we have established with Pakistan over the past few years, it is truly unfortunate that events require such a review. But Pakistan has placed the United States in a very difficult position.

Six years ago, when we enacted the first portion of the multibillion-dollar aid package for Pakistan which runs out this September, we asked two things of them in return.

We asked for their help in supporting the Afghan resistance, which they have generously given. We also asked them not to develop a nuclear weapons program. They said they had no such intentions. All the same, already-existing evidence of a Pakistani effort to acquire a nuclear weapons capability forced us to give Pakistan a waiver from United States law, which bars United States assistance to any nation which attempts to acquire weapon-making capabilities.

Unfortunately, over the past 6 years, abundant evidence has accumulated that Pakistan has continued active efforts to acquire a weapons capability. In 1984, a Pakistani national was caught trying to smuggle parts for atomic weapons out of the United States. Later that year, General Zia gave President Reagan a pledge not to enrich uranium above peaceful use-levels, a pledge proven false within the year.

Then 2 weeks ago, another Pakistani native was indicted for trying to export specialized materials with nuclear weapons applications to Pakistan. Before his arrest, he acknowledged to an undercover Customs Service officer that the material was intended for use in Pakistan's nuclear program. All available evidence points to the conclusion that Pakistan has yet again broken its promises, and yet again engaged in criminal activity in the United States to further its nuclear ambitions.

Additionally disturbing is the fact that this has transpired even as Congress is considering a new multibillion-dollar aid package for Pakistan.

These arrogant violations of our laws and trust demand a firm response from the United States. If our long-standing policy of support for nuclear nonproliferation is to retain any credibility, we must not give in to the kinds of hollow promises which we have seen broken by Pakistan over and over in the past.

It is reassuring to see that the administration appears to share some of these concerns. Administration statements to the press earlier this month indicated that the administration has told Pakistan that "actions, not words, are needed to deal with the crisis of confidence caused by the arrest." I hope that this expression of congressional support for a firm stance toward Pakistan reinforces the administration's resolve to ask for some kind of concrete, verifiable efforts by Pakistan to comply with its past assurances about its nuclear program.

Even as we speak, Under Secretary of State Michael Armacost is in Islamabad expressing our concerns about these developments to the Government of Pakistan. We can give his efforts a boost by supporting this resolution, expressing Congress' support for the administration in these delicate discussions. I urge my colleagues to give this bipartisan effort their strong support.

Mr. LEACH of Iowa. Mr. Speaker, further reserving the right to object, I rise in strong support of this resolution declaring the strong support of this body for the President in his efforts to obtain Pakistan's compliance with its nuclear-related commitments. In urging the President to put Pakistan on notice that its "verifiable compliance" with these commitments is vital to further United States military aid, the resolution calls on the President to pursue "vigorously" an agreement between India and Pakistan to jointly accede to the Nonproliferation Treaty and to take other steps to prevent any nuclear arms race on the subcontinent.

This resolution sends an important and timely signal to Pakistan as Under Secretary of State for Political Affairs Armacost's visit to Pakistan draws to a close. It strongly underscores the efforts of the administration in seeking to further strengthen United States nonproliferation objectives in our relations with Pakistan.

The Subcommittee on Asian and Pacific Affairs, held hearings on July 22, at which time Assistant Secretary of State for Near Eastern and South Asian Affairs Richard W. Murphy testified that Pakistan is on the threshold of possessing nuclear weapons. He also testified that the administration has undertaken an intense dialog with Pakistani authorities with the objective of obtaining "concrete evidence of Pakistani nuclear restraint."

The recent arrest and indictment of Arshad Pervez on grounds of attempting to illegally export nuclear related materials to Pakistan has created a new climate of urgency on this issue. All the evidence in the case is not yet in and the administration has stated that it is "not in a position at this time to make any conclusive judgments." Assistant Secretary Murphy indicated at our hearing, however, that Pakistani authorities have denied any connection to this case and have offered to cooperate with the United States and to take action against any individuals violating Pakistani policy or law.

These recent developments cast an unfortunate shadow on past assurances by the Pakistani Government that it will not undertake illegal procurement activities here in this country and statements by Pakistan that it has no desire to develop nuclear weapons. It would appear that those assurances and statements are no longer sufficiently convincing in and of themselves for many Americans.

For that reason, I wholeheartedly support the position of the administration, as outlined at our recent hearings, that Pakistani assurances at this point "must be backed up by tangible

evidence that their actions are in line with stated policy."

I also want to draw special attention to the third paragraph of the resolution which puts the nuclear issue in a broader and more balanced context. Agreement by both India as well as Pakistan to nuclear safeguards and inspection of nuclear installations could go far in assuring the stability and security of the subcontinent.

Before concluding, Mr. Speaker, I want to take the opportunity to commend the administration for the impressive Federal law enforcement operation which it undertook in the recent Pervez case in upholding U.S. law and nonproliferation policy objectives. Private sector American businessmen also deserve a special word of commendation for their exemplary action in this case. In putting the national interest above the profit motive, an American company in this instance didn't simply cooperate with Federal authorities but in fact precipitated the investigation that led to the above mentioned arrest and indictment.

Finally, let me emphasize that the resolution before us today seeks to strengthen rather than undercut the hand of the President in dealing with this difficult issue. I urge my colleagues to join in unanimous endorsement of its provisions.

Mr. Speaker, let me just conclude by expressing my support for the leadership of the gentleman from California [Mr. LEVINE], as well as the gentleman from Michigan [Mr. WOLPE] and, of course, the distinguished gentleman from New York [Mr. SOLARZ] and the committee chairman, the gentleman from Florida [Mr. FASCELL].

Mr. GEKAS. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. Further reserving the right to object, I yield to the gentleman from Pennsylvania.

Mr. GEKAS. Mr. Speaker, is there a reason for us to believe that there is a cooperative posture being formed between India and Pakistan on which this resolution and what its intent is would be built? This is the first I have heard of any evidence of this, through the statements that have just been elicited as to the interest. Of course, we have an interest in it, but is there reason to believe that India and Pakistan can cooperatively work on these nonproliferation agreements?

Mr. LEACH of Iowa. Mr. Speaker with regard to the State of Pakistan, there is a commitment at least in public policy of the Pakistani government to accept the nonproliferation treaty once India has signed. With regard to India, there is not a tied position at this point in time, but certainly the government of Mr. Gandhi has taken the lead on certain arms control issues, and I think with the cooperation of the United States and Western Europe and perhaps other parties, there is a semblance of hope that we can see a new direction, both with regard to issues like the nonproliferation treaty and also the comprehensive test ban, but this resolution by no means guarantees such achievements will be made. It simply represents an effort to suggest that we ought to lead, and we hope the people on the Indian Subcontinent will listen.

Mr. LEACH of Iowa. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. GEKAS. Mr. Speaker, reserving the right to object, I will not object, of course, but I do feel that we must make statements of this genre to make certain that the entire world recognizes the delicate position of Pakistan and the Middle East where most of the things are occurring with respect to Afghanistan and India, and that it is the proper theme of the United States Government to voice its concerns, as this resolution will do.

Mr. LEACH of Iowa. Mr. Speaker, I thank the gentleman for his comments.

Mr. LEVINE of California. Mr. Speaker, will the gentleman yield?

Mr. GEKAS. I yield to the gentleman from California.

Mr. LEVINE of California. Mr. Speaker, I thank both the gentleman from Pennsylvania and the gentleman from Iowa for their comments and for their thoughtfulness in regard to pointing out the sensitivities and the complexities of this issue.

I would say to the gentleman from Pennsylvania that I think he is on the right track and he does pinpoint some important complexities with regard to an issue of this significance and some competing considerations that obviously are in place.

I would say to the gentleman from Iowa that I deeply appreciate his leadership on this issue and on so many other issues that affect our Nation's role in the world. The role that he had placed on the Foreign Affairs Committee has always been a very constructive role. He correctly points out that the language in subsection 3 of the resolve clause which talks about the linkage between India and Pakistan is language which was not included in the Resolution of the Foreign Affairs Committee which was passed last week. It was added by unanimous consent in the other body. It is important language, and it is language which helps to underscore the difficulty of the ultimate resolution of this issue.

We are dealing here with an issue which has many facets, and nobody should be under any illusions about the ease with which this issue can be solved. Six years ago, when the United States enacted the first portion of the multibillion-dollar aid package for Pakistan, which runs out this September, we asked—and I think it is important to underscore this—two things of Pakistan in return. First, we asked for Pakistan's help in supporting the Afghan resistance, which Pakistan has in fact generously given. Pakistan deserves our appreciation and our credit, credit to them for having provided the leadership and provided the support it has given with regard to the importance of providing support to the Afghan resistance.

We also asked Pakistan not to develop a nuclear weapons program. This is a vitally important component, not only of American foreign policy concerns but of the notion of keeping this world as safe as possible under the current condition of nuclear proliferation. At that time Pakistan said it has no such intentions. Nevertheless Pakistan has not responded or complied in an appropriate manner with regard to that assurance that it has given our country, and, unfortunately, evidence continues to develop which indicates that Pakistan has not been meeting with that concern and that promise.

We have Under Secretary of State Michael Armacost in Islamabad this very day negotiating with Pakistani officials, urging the Pakistanis to understand the significance that we as a nation place on this very, very serious issue. It is my hope that, with the other body and this body acting in concert, acting in unison, and hopefully both acting unanimously, the Pakistanis will understand that while on the one hand we are very grateful to them for their support in the Afghan area and we do have every interest and every desire of maintaining the closest possible relations with the government and the people of Pakistan with whom we have so many vital common interests, on the other hand we should not for a moment understimate the significance of the question of nuclear proliferation and in particular the issues pertaining to nuclear proliferation in South Asia, and Pakistan in particular.

Mr. Speaker, I think that this resolution strikes that balance and communicates that message. Hopefully, it will underscore the importance of Mr. Armacost's visit, and hopefully it will strengthen the administration's hand as our administration tries to convey that message to our friends in Pakistan.

So I thank the gentleman from Iowa [Mr. LEACH], I thank the ranking member of the committee, the gentleman from Michigan [Mr. BROOMFIELD], who has lent his name to this resolution as a coauthor, and I appreciate very much the bipartisan manner in which this resolution has been brought to the floor.

Mr. BROOMFIELD. Mr. Speaker, I support this resolution concerning the commitments by Pakistan that it will not conduct a Nuclear Weapons Development Program.

Last Friday, just prior to the trip to Pakistan by Under Secretary of State Michael Armacost, the Committee on Foreign Affairs voted to report a very similar resolution.

The resolution before us will be helpfull to the administration in its efforts to dissuade Pakistan from developing nuclear weapons. It would clearly state the support of the House for these efforts.

We in Congress are especially concerned with reported Pakistan activities in this area. This is because one of the chief reasons for the high level of United States defense assistance to Pakistan is to ensure that Pakistan possesses a strong conventional defense.

Pakistan is of great strategic and political value to the United States. It is on the front line of resistance to Soviet expansionism in Central Asia and has received massive numbers of refugees from the Soviet occupation of Afghanistan.

Pakistan is also an important link for the United States with the Islamic world.

In addition to supporting the administration's efforts, the resolution urges the President to inform Pakistan that its compliance with its commitments not to go nuclear is vital to further United States military assistance. It links these restraints on Pakistan with support for agreements by both Pakistan and India to enter verifiable agreements which would prevent nuclear weapons proliferation in this region.

Mr. Speaker, it is my pleasure today to add my support to this timely measure. I would also like to commend the efforts of my colleague Mr. LEACH, the ranking Republican member of the Subcommittee on Asian and Pacific Affairs, in promoting this resolution and seeing to it that it was carefully drafted.

Mr. LAGOMARSINO. Mr. Speaker, I rise in support of House Resolution 239 which expresses the sense of Congress with regard to Pakistan. As you know, a similar resolution passed the Foreign Affairs Committee unanimously.

I am a strong supporter and friend of Pakistan, but I am very concerned about the recent filing of criminal charges in two cases involving alleged efforts to procure material for Pakistan's nuclear program in violation of United States law. I stress, though, at this time that we are not in any position to make any conclusive judgments. For the time being, we are dealing with allegations and a continuing investigation which still has no conclusion.

Beginning in 1985, the Pakistani Government has provided unequivocal assurances that it would not engage in illegal procurement activities in the United States. In the wake of the arrest of Mr. Pervez, we need a full explanation from the Pakistani Government of what it may know about this matter. Standing firm against nuclear proliferation is of great importance to me, the administration and the American people. Ultimately, I would like to see a firm commitment, such as signing the Nuclear Non-Proliferation Treaty by both India and Pakistan. In the interim, I believe it is important to support the administration's efforts to achieve some restraints in the nuclear area despite India's previous detonation of a "peaceful" nuclear device. I know that Assistant Secretary Armacost was in Pakistan this past weekend and I am confident that he will soon inform Congress on the results of his important diplomatic mission to Islamabad.

I support this resolution because it voices Congress's deep concern about the Pakistan and India nuclear programs, a concern already raised by President Reagan, without jumping to any conclusions. It signals to Pakistan that any refusal to comply with their past commitments seriously jeopardizes any further American military assistance.

While some of my colleagues have been preoccupied with some of the recent allegations against Pakistan, I must emphasize the very important strategic relationship we have with Pakistan. Commanding a geopolitically significant position in southwest Asia, Pakistan has been the bulwark against Soviet expansion in this region. I must remind my colleagues about the very critical role Pakistan plays with regard to Afghanistan. Without a strong and supportive Pakistan, the efforts of the Mujahideen to liberate their country from illegal Soviet occupation would be severely jeopardized.

Already Pakistan, a pro-Western friend, has been a target of Communist and radical Iranian subversion. We must be very careful not to encourage the efforts by Khomeini, the KGB and other agents by sending signals of weakening United States support for Pakistan. Realizing there are over 120,000 front-line Soviet combat troops just across the long Pakistani frontier with Afghanistan and remembering the false assurances of friendship and peace the Soviets gave to the Afghans prior to their brutal invasion, I believe it is in the best interest of our national security to deliver a measured response to the allegations of Pakistani nuclear enrichment. This resolution, Mr. Speaker, does this. It provides the administration with the flexibility it needs in dealing with this delicate situation, registers our deep concerns, and does not jeopardize our important relationship with this strategic ally. I urge my colleagues to join me in fully supporting House Resolution 239.

Mr. WOLPE. Mr. Speaker, as I stand here as a cosponsor of this resolution, I cannot help feeling a sense of deja vu. For years, we have received reports of Pakistan's nuclear weapons program, followed by official denials. Most recently—and most convincingly—there was an interview in January with Pakistan's chief nuclear scientist, A.Q. Kahn, which removed the doubts of virtually all observers about the status and intentions of Pakistan's nuclear program. General Zia later confirmed the impression given by the interview.

Three years ago, General Zia had given President Reagan his personal assurances that Pakistan would not enrich uranium above 5 percent, a sufficient level for peaceful uses. But within a year, conclusive evidence emerged that Pakistan was enriching to 93 percent—the level needed for a nuclear explosive device.

The path to Pakistan's bomb is paved not only with these deceptions, but also with the repeated violation of United States laws. Also in 1984, a Pakistani national was caught trying to smuggle parts for atomic weapons out of the United States. Pakistan's denials of involvement were not supported by the evidence.

Last month a Pakistani national was arrested in Philadelphia on charges of attempting to illegally export materials whose only conceivable use is in Pakistan's nuclear weapons program. The Government of Pakistan's reaction to the arrest was to deny any connection with the incident, characterizing it as a "rogue operation." But State Department testimony at a subsequent hearing, as well as the documents which formed the basis for the indictment in the case, indicate that the Pakistani Government's denial is as groundless as others it has made over the years.

For many Members of Congress, this latest example of deceit by the Pakistani Government is the last straw. Many of us find it particularly galling that Pakistan would attempt to violate American laws prohibiting the export of nuclear technology even as Congress is in the process of drawing up a generous aid package for that country.

This package is even more generous than the current one, under which the United States has sent Pakistan more than $3 billion over the past 6 years. One of the justifications for that package was that Pakistan would be made to feel secure enough so that it would not feel the need to develop nuclear weapons. But each time a new piece of evidence is revealed, showing that Pakistan is in fact developing a nuclear weapons capability, the United States has looked the other way. Each time Pakistan has violated our laws—and those of other countries—we have been willing to overlook Pakistan's deception.

I fully appreciate the critical assistance that our friends in Pakistan have provided to the Mujaheddin in Afghanistan. I want to keep the supply route open to the Afghan freedom fighters, and I want to see the closest possible ties between the United States and Pakistan. However, supporting these goals does not require the United States to sacrifice another critical U.S. national interest—slowing the spread of nuclear weapons.

Our nonproliferation laws were enacted for just this type of situation. In their pursuit of a nuclear weapons capability, Pakistan has violated our laws and our trust. In the past, we have decided against taking a firm stand. If we don't stick to our guns this time, we will have given up our last shred of credibility, not just with Pakistan, but with our nonproliferation policy around the world.

Mr. Speaker, this resolution does not go beyond existing law. It simply calls for Pakistan to live up to its previous commitments, and it expresses the sense of outrage we feel at these latest violations of United States law.

I commend the gentleman from California for the dedication and insight he has brought to this issue. I have enjoyed collaborating with him on this resolution, as I have enjoyed working with him on other nonproliferation issues.

I urge my colleagues to approve this resolution clarifying and reaffirming the U.S. commitment to preventing the spread of nuclear weapons.

Mr. GEKAS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

91-059 O-89-18 (Pt. 16)

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 239

Whereas production of weapon-grade nuclear materials in Pakistan and India constitutes a threat to regional and international security;

Whereas the United States desires to maintain a long-term security partnership with Pakistan;

Whereas the greatest threat to this partnership arises from activities in Pakistan's nuclear program that are viewed as being inconsistent with a purely peaceful program;

Whereas Pakistani choice to eliminate this threat would serve our mutual interests in promoting stability in South Asia and assisting the Afghan people;

Whereas The Government of Pakistan has repeatedly stated that it is not producing weapon-grade nuclear materials and that it would respect United States nuclear export control laws;

Whereas information exists that Pakistan is producing weapon-grade nuclear material;

Whereas in the absence of any other action by the Congress or the President, United States laws require a cessation of assistance in the event of violations of the nuclear export control laws of the United States; and

Whereas further assistance to Pakistan or India in the face of continued violations would undermine United States efforts to contain the spread of nuclear weapons, including United States commitments to the 132 non-nuclear-weapon-states which are parties to the Treaty on the Non-Proliferation of Nuclear Weapons: Now, therefore, be it

Resolved, That the House of Representatives—

(1) strongly supports the President in his forthcoming efforts to gain Pakistan's compliance with its past commitments, including commitments of record, not to produce weapon-grade nuclear materials;

(2) strongly urges the President to inform Pakistan that Pakistan's verifiable compliance with these past commitments is vital to any further United States military assistance; and

(3) urges the President to pursue vigorously an agreement by India and Pakistan to provide for simultaneous accession by India and Pakistan to the Treaty on the Non-Proliferation of Nuclear Weapons, simultaneous acceptance by both countries of complete International Atomic Energy Agency safeguards for all nuclear installations, mutual inspection of one another's nuclear installations, renunciation of nuclear weapons through a joint declaration of the two countries, and the establishment of a nuclear-weapons-free zone in the Asian subcontinent.

GENERAL LEAVE

Mr. LEVINE of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1710

REPORT FROM CONSTITUTIONAL CONVENTION IN PHILADELPHIA, 1787

The SPEAKER pro tempore (Mr. HAYES of Illinois). Under a previous order of the House, the gentleman from Pennsylvania [Mr. GEKAS] is recognized for 5 minutes.

Mr. GEKAS. Mr. Speaker, I am reporting to the House today from the floor of the Constitutional Convention in Philadelphia. It is now August 3, 1787, and the delegates are in recess.

They recessed about 8 days ago, and one would think that there is nothing going on here in Independence Hall; but I tell the Members, as I am reporting to the House, that there is a swarm of activity going on, even though the delegates technically are in recess.

George Washington, for example, along with Gouverneur Morris of Pennsylvania, have taken a side trip to Valley Forge, an opportunity for the general to revisit the site of where he and his gallant men braved that winter which led later to the successful overthrow of the British Government and the declaration and sustenance of the Revolution.

What has happened, though, in this Convention is that there were so many debates about so many different provisions and proposals, so many different resolutions, that the delegation, the Convention at Large, decided that they would relegate to the Committee on Detail the special duty of trying to put all of these things together and come back with a report to the full Convention which would lead to the final adoption, it is hoped, of some central documents.

Here I am in Independence Hall, but without the Convention in session, and I note right next to the main chamber in the library, there is a flurry of activity.

As I walk over there, I see the pages running back and forth; and finally in the library, I see the chairman, John Rutledge, the chairman of the Committee on Detail, at work looking over these massive numbers of resolutions and resolves.

For instance, he is looking over the Articles of Confederation. After all, these are the basic documents in which the Government of the United States is now being run, but which they have found to be unworthy of perpetuation.

The Virginia Resolve, the Pinckney Resolutions, even John Rutledge tells us he is looking over some of the documents of the basic government of the Iroquois Indians.

In other words, they are trying to get a world sense of what kind of government would be best suited for the new United States.

Edmund Randolph tells me something very interesting. He feels that the Constitution in the final analysis, if it be the Constitution that will be finally drawn from all of this, should be made up of provisions that are so simple, so to speak, that they would be able to be built upon in the future without damage to the individual liberties of the American citizens.

These are the kinds of things that the Committee on Detail is working on.

As I look over their shoulders, I can tell the Members that it looks like the final product is going to be made up of a preamble to say what the purposes are of the Constitution and then some 20 articles within which will be set forth the duties and responsibilities of the several branches of Government.

We believe, those of us who are observing this, that there is a new spirit among the delegates that might prevail and some success might come of it.

Right now I notice that the pages are getting the final drafts together, the ones that have been finalized by the Committee on Detail, and their duty is to take it to the printer in Philadelphia, Clay, Poole, and Dunlap, which is the firm who is going to make several copies of the proposals up to date and when the convention returns a few days from now, to circulate copies for all the Members for their deliberation.

I feel, as General Washington now feels, that there is a new optimism that something will be done during the balance of this month and in mid-September.

Here we are, and I am reporting to the Members 200 years ago today from the floor of the Convention in Philadelphia during a very hot summer.

THE ARMENIAN GENOCIDE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. FORD] is recognized for 5 minutes.

Mr. FORD of Michigan. Mr. Speaker, the House is scheduled to consider tomorrow House Joint Resolution 132, which designates April 24, 1987, as a "National Day of Remembrance of the Armenian Genocide of 1915–1923."

The debate on this resolution centers in large part on the question of whether or not the deaths of 1.5 million Armenians during the period of 1915 to 1923 were the result of a government policy of race extermination; that is, genocide.

Throughout the years—as far back as the administration of President Benjamin Harrison—U.S. Presidents have recognized that Armenians have been subjected to persecution. So that my colleagues will have the benefit of the facts when asked to vote on this resolution, I will quote from statements of 10 Presidents.

On April 22, 1981, President Ronald Reagan, proclaiming Days of Remembrance of Victims of the Holocaust, said: "Like the genocide of the Armenians before it, and the genocide of the Cambodians which followed it—and like too many other such persecutions of too many other peoples—the lessons of the Holocaust must never be forgotten."

At a White House ceremony on May 16, 1978, President Jimmy Carter said: "* * * it is generally not known in the world that in the years preceding 1916, there was a concerted effot made to eliminate all the Armenian people, probably one of the greatest tragedies that ever befell any group. And there weren't any Nuremberg trials."

President Herbert Hoover, in his memoirs published in 1952, stated: "The association of Mount Ararat and Noah, the staunch Christians who were massacred periodically by the Mohammedan Turks, and the Sunday School collections over fifty years for alleviating their miseries—all cumulate to impress the name Armenia on the front of the American mind."

In a letter dated November 22, 1921, to his Secretary of State, President Warren G. Harding said: "If it is believed that a warship can be sent to an Armenian port on the Mediterranean I should have very little hesitancy in making such a suggestion on behalf of these stricken people. Surely there must be some way in which to utter the admonition of the five great powers to restrain the hands of assassins in that unfortunate land."

On September 18, 1919, in a letter to the Acting Secretary of State, President Woodrow Wilson urged: "* * * get into communication with * * * the appropriate committees of Congress with regard to our being authorized to send troops to Armenia. I am heartily in favor of such a course if the Congress will authorize it * * *."

The Taft papers on the League of Nations quoted President William Howard Taft as saying: "On the whole, it is not too much to say that the people of the Jewish race have suffered more in this war as noncombatants, than any other people, unless it be the Serbians and the Armenians."

In two instances, President Theodore Roosevelt referred to the Armenian persecution. In a letter on May 11, 1918, he said: "* * * the Armenian massacre was the greatest crime of the war, and failure to act against Turkey is to condone it * * * the failure to deal radically with the Turkish horror means that all talk of guaranteeing the future peace of the world is mischievous nonsense * * *."

On December 6, 1904, in his annual message, he said: "* * * it is inevitable that (the United States) should desire eagerly to give expression to its horror on an occasion like * * * such systematic and long-extended cruelty and oppression as the cruelty and oppression of which the Armenians have been the victims, and which have won for them the indignant pity of the civilized world."

President William McKinley in his annual message stated: "* * * press for a just settlement of our claims * * * during the Armenian troubles of 1895 * * *."

President Grover Cleveland in his annual message of December 7, 1896, said: "* * * it would afford me satisfaction if I could assure the Congress that the disturbed condition in Asiatic Turkey had during the past year assumed a less hideous and bloody aspect and that * * * as a consequence of the awakening of the Turkish Government to the demands of humane civilization * * * the shocking features of the situation had been mitigated. Instead, however * * * we have been inflicted by continued and not unfrequent reports of the wanton destruction of homes and the bloody butchery of men, women, and children, made martyrs to their profession of Christian faith."

And again in his annual message on December 2, 1985, President Cleveland said: "Occurrences in Turkey have continued to excite concern. The reported massacres of Christians in Armenia and the development there and in other districts of a spirit of fanatic hostility to Christian influences naturally excited apprehension * * *."

On December 14, 1894, President Benjamin Harrison said in a letter: "My indignation and sympathy have been greatly roused by the press reports of the fearful outrages practised on the Armenians."

PRICE-ANDERSON AMENDMENTS: HELP MAKE NUCLEAR PLANTS SAFE AND ACCOUNTABLE

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Michigan [Mr. CONYERS] is recognized for 5 minutes.

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. CONYERS. Mr. Speaker, last week when the Price-Anderson amendments were on the floor, which were intended to help make nuclear plants safe and accountable, I unfortunately voted against the amendment of the gentleman from Minnesota [Mr. SIKORSKI], which I felt very strongly in support of.

I have called him to make known the inadvertent mistake that occurred, and I also include in this RECORD a "Dear Colleague" letter that I sent not only supporting the gentleman's amendment but all of the amendments which would have made important strengthening amendments to Price-Anderson.

The July 27, 1987, "Dear Colleague" letter follows:

PRICE-ANDERSON AMENDMENTS: HELP MAKE NUCLEAR PLANTS SAFE AND ACCOUNTABLE

DEAR COLLEAGUE: This week, we will have an opportunity to vote on an issue of great significance to all our constituents—renewal of the Price-Anderson Act, the law that limits liability and victim compensation for nuclear accidents.

Thirty years ago, Congress created this unprecedented corporate welfare program which in effect says that after a nuclear accident, industry doesn't have to foot the bill, and accident victims may never be fully compensated for damages to their homes, businesses and health. Today we are being asked to reauthorize this law which allows some of the country's largest corporations to escape financial responsibility for their mistakes—even if they intentionally violate federal health and safety laws.

These liability loopholes not only eliminate key safety incentives, they force innocent victims to bear the burden of private industry's carelessness. Moreover, both current law and the measure before the House allow industry attorneys to be paid from the limited compensation fund—ahead of victims.

The Price-Anderson Act directly affects the millions of Americans who live near commercial nuclear plants; federal nuclear waste, weapons and research facilities; and along nuclear transportation routes. It is imperative that we amend this outdated, inequitable policy to assure full compensation of accident victims and to increase safety incentives at all of our nuclear installations.

Unfortunately, the bill expected to be on the House floor (H.R. 1414) falls far short of meeting these important goals. I urge you to join me in supporting amendments that would eliminate the liability exemptions for nuclear contractors and assure full compensation for accident victims. In particular, I urge you to support the following amendments:

DOE contractor accountability (Wyden-Sharp)—holds DOE nuclear contractors liable for accidents caused by gross negligence or willful misconduct.

Full Compensation (Eckart)—establishes a mechanism that provides full victim compensation.

Attorney's Fees (Sikorski)—prohibits industry attorneys from being paid before victims.

Corporate Accountability (Markey)—holds the companies who design, build and supply parts for nuclear plants to liable for gross negligence.

Nuclear Waste Coverage (Swift)—Removes legal impediments to compensation for victims of nuclear waste accidents caused by federal employees.

I believe adoption of these amendments would go a long way toward creating a fair and responsible federal nuclear accident policy. I strongly encourage you to cast your vote in favor of these important public health and safety measures.

Sincerely,

JOHN CONYERS, Jr.,
Member of Congress.

U.S. TRADE POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Maryland [Mrs. BENTLEY] is recognized for 60 minutes.

Mrs. BENTLEY. Mr. Speaker, Walt Kelly had his main cartoon character, Pogo, comment upon conditions in the world. "That we have met the enemy and he is us!"

The editorial in Barron's Weekly this week convinces me that Kelly was a great commentator about the world in which we live today.

Barron's reports with awe on the amount of strategic material for our weaponry we are buying from the Russians. This is for our Defense Establishment.

United States imports of chrome ore from the Soviets surged to a whopping 6,440 gross tons per month over the previous average of 479 gross tons between 1981 and 1985.

The gigantic increase of 15 times more monthly is for the first 6 months this past March.

The more recent figures are expected to show another gigantic leap.

Imports of antimony, essential to bullet, computer, sonar, and radar manufacture, have risen 98 times, 98 times, since 1981.

We are also buying ferro-silicon manganese in increasing amounts. The purchase of industrial diamonds from Russia has increased 100-fold; platinum bars and plates, up 5 times.

It is a list of growing dependency upon our enemy to supply material for our war machine to protect us from them—ironic.

All of this, of course, is because we have imposed sanctions upon South Africa, and today we perceive South Africa to be greater enemy than Russia. I think that we had better decide who the real enemy is, and do it quickly.

There are some other aspects of what is happening in the defense posture, Mr. Speaker, that bother me a great deal.

In the trade bill that will be coming back to the House from the other body after a conference, we were briefed last Thursday that practically all export controls on technology will be out of the window, that instead of one Toshiba and one Tokyo Aircraft which we have reported as selling technology to the Soviet Union, and we are all very upset about it, there could very well be 1,000 Toshibas. At this time I urge Members in more senior positions in this body who are concerned about our defense capability to study this amendment, this part of the trade bill very, very carefully, and see what can be done to protect our technology.

We are the ones who develop, but we give it away.

On another aspect concerning defense, Mr. Speaker, on October 7, for 3 days over at the Hyatt Regency Crystal City Hotel, only 2 minutes from the Pentagon, there is going to be a defense weapons trade bazaar.

This is literally at the Pentagon's doorstep, as I said; but the shocking thing about this trade bazaar is that no American, no U.S. defense manufacturer need apply for exhibit space, because this bazaar is strickly limited to firms and organizations from those foreign producers having access to DOD procurement market under terms of their government's memorandum of understanding, MOU's, with the United States.

The exhibiting countries will include Australia, Belgium, Canada, Denmark, Egypt, France, Germany, Israel, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Switzerland, Turkey, and the United Kingdom.

I want to emphasize once again, Mr. Speaker, that a U.S. manufacturer/producer of defense weapons cannot get into this exhibit. According to testimony that was given before the Economic Stabilization Subcommittee of the House Committee on Banking, Finance and Urban Affairs by William G. Phillips, vice president, government relations of the National Council to Preserve the U.S. Defense Industrial Base, one of the principal workshop speakers, will be none other than Paal Prestegaard, president of the Norwegian Government-owned Kongsberg firm that was part of the Toshiba sale of our silent submarine technology to the Soviet Union.

According to the literature from this COMDEF, Kongsberg Vapenfabrik will exhibit "missile systems, proximity fuses, ground-base air defense and command systems."

More than 150 foreign defense product exhibitors from 17 MOU countries are expected to show their wares at the show.

□ 1725

I do want to commend Chairman MARY ROSE OAKAR who is chairman of the Subcommittee on Economic Stabilization, who had this material brought out at a recent hearing only last week, as a matter of fact.

If we go through the other information that Mr. Phillips presented before that subcommittee, we will find that the participants in this affair and those who were invited—the invitation list looks like, you know, the whole Green Book from the Defense Department and from the State Department and from Capitol Hill; but among those who are scheduled in the calendar already, of those who have already accepted, one of the invitees is a man who appeared before the subcommittee earlier, Hon. Robert B. Costello, who is slated to speak there on October 8. His subject is "Mobilization Base and No Foreign Determination." According to Mr. Phillips, this refers to the list of defense weapons systems items so critically important to safeguarding U.S. national security that they are limited to domestic source procurement only under present policy. Rather frightening.

DOD Procurement Chief, Richard Godwin, is being advertised as the October 7 seminar speaker on the subject, "U.S. Defense Procurement in the Next Five Years," while Under Secretary of State Derwinski is scheduled to speak on "Current Technology Transfer Issue." DOD Assistant Secretary Spector is the advertised speaker on another key subject, "The MOUs and U.S. Procurement Policies and Procedures."

You know, Mr. Speaker, we are spending many, many billions of dollars of taxpayers' money overseas in procurement. What this money spent at our industries in this country could do to raise standards of living of many, many thousands of Americans who need it, many thousands who would like good paying jobs, is something that I cannot even estimate here today.

I have objected, and I object very strenuously, to any taxpayers' dollars going overseas. I have supported the defense establishment all the way through, but this is wrong.

Now, the man who is putting this affair together is a former member of the British Embassy staff here in Washington. He has made it, as I said, very clear that no Americans are welcome.

I just think the whole approach on this is wrong. I would hope that somehow it could be stopped.

Unfortunately, we are a free country and as a free country we put out the red carpet to everybody to come in and they literally invade us. Economically, they are invading us, and yet in many instances when we go to their doorstep, the door is shut.

I and many of my colleagues, and I know that Chairman OAKAR on this committee and Congresswoman KAPTUR, who also is very concerned about this, would like to see a change and more interest focused on what we can do here in this country.

Some of the statements that have been issued in connection with this workshop say, and here are some of the direct quotes, and again a lot of people are not paying that much attention to what is being said:

> Technology transfer to foreign competitors by U.S. industry has had a serious impact on U.S. competitiveness.

Yes, it has. That is another reason why I am so concerned about the lifting of these export controls, as now is written in the trade bill. If we lift anything more, if we transfer anything more, I think we might as well close shop over here in the manufacturing base.

Mr. Speaker, I do not think you want that, nor do I.

> Trade policy making is highly fragmented.

Well, they are trying to say that in the United States we do not have trade policymaking.

> Many departments establish policies that affect trade, often without consideration of the impact on U.S. competitiveness.

That is true. We fail to take into consideration all aspects of what will have an impact on our competitiveness.

Then they say:

> U.S. trade laws are ineffective to meet the new realities of global competition.

True. We are giving it away. We need—and the reason that many of us supported the trade bill to start with is what we felt we had to make our trading partners realize that once and for all we meant business, that we were not going to just let them contin-

ue to walk over us, and then they slip in this technology transfer.

Then it says:

The international trading system under GATT has not kept pace with the evolution of the world economy.

Well, from what I hear on GATT, Mr. Speaker, the United States is really the only country that has abided by all aspects of GATT, and as a result of our usually being the good guy, we have exported more jobs overseas and that is one of the reasons that we are hurting.

GATT reform, if pursued without clear national security objectives, could have a negative impact on the defense industrial base.

Well, I would like to see GATT abolished altogether, but that is not for me to make that decision. I think that we need to give some serious consideration to whether these other countries are going to abide by GATT in the same playing field as we do.

Yes, Mr. Speaker, as I have said, there are a number of things that cause me and others who have watched the exportation of our jobs overseas, the evaporation of our manufacturing base in this country, who feel that it is time that we start looking out for ourselves. I think this is one of the areas right now. If they want to have a seminar or an exhibit for 3 days and invite all the foreign manufacturers and no American manufacturers, then I do not believe that a single official of the U.S. Government should be on hand.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. DANIEL (at the request of Mr. NICHOLS), until further notice, on account of health reasons.

Mr. BADHAM (at the request of Mr. MICHEL), for today, on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DAVIS of Illinois) to revise and extend their remarks and include extraneous material:)

Mr. GINGRICH, for 60 minutes, today.

Mr. GEKAS, for 5 minutes, today.

Mr. BOULTER, for 60 minutes, on September 9.

Mr. BOULTER, for 60 minutes, on September 10.

Mrs. BENTLEY, for 60 minutes, on August 7.

Mrs. BENTLEY, for 60 minutes, on September 9.

Mr. BURTON of Indiana, for 60 minutes, on August 4.

(The following Members (at the request of Mr. CONYERS) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. FORD of Michigan, for 5 minutes, today.

Mr. CONYERS, for 5 minutes, today.

Mr. GAYDOS, for 60 minutes, on August 4.

Mr. GAYDOS, for 60 minutes, on August 5.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. DAVIS of Illinois) and to include extraneous matter:)

Mr. SCHUETTE.
Mr. COURTER.
Mr. GILMAN.
Mr. FIELDS.
Mr. HENRY in two instances.
Mr. MICHEL in two instances.
Mr. HORTON.
Mr. EDWARDS of Oklahoma.
Mr. PORTER.
Mr. JEFFORDS.
Mr. OXLEY.
Mr. HOUGHTON.
Mr. FISH.
Mr. DONALD E. LUKENS.
Mr. BURTON of Indiana in two instances.
Mr. LEACH of Iowa.
Mr. COBLE.
Mrs. BENTLEY.
Mr. MCCANDLESS.
Mrs. MEYERS of Kansas.

(The following Members (at the request of Mr. CONYERS) and to include extraneous material:)

Mr. ANDERSON in 10 instances.
Mr. GONZALEZ in 10 instances.
Mrs. LLOYD in five instances.
Mr. HAMILTON in 10 instances.
Mr. BROWN of California in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. JONES of Tennessee in 10 instances.
Mr. BONER of Tennessee in five instances.
Mr. DE LA GARZA in 10 instances.
Mr. TORRES in two instances.
Mr. FRANK.
Mr. MURTHA.
Mr. MINETA.
Mr. SMITH of Florida.
Mr. ASPIN.
Mrs. BOXER.
Ms. KAPTUR.
Mr. TRAFICANT.
Mr. DYSON.
Mr. MONTGOMERY.
Mr. LAFALCE.
Mr. CONYERS.
Mr. HOWARD.
Mr. SLATTERY in two instances.
Mr. STARK in two instances.
Mr. AUCOIN.
Mr. FLORIO.
Mr. TORRICELLI.
Mr. MANTON.
Mr. MATSUI.
Mrs. SCHROEDER.
Mr. WILLIAMS.

SENATE BILL AND CONCURRENT RESOLUTION REFERRED

A bill and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 970. An act to authorize a research program for the modification of plants and plant materials, focusing on the development and production of new marketable industrial and commercial products, and for other purposes; to the Committee on Agriculture.

S. Con. Res. 29. Concurrent resolution expressing the sense of Congress regarding the inability of American citizens to maintain regular contact with relatives in the Soviet Union; to the Committee on Foreign Affairs.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1198. An act to authorize a certificate of documentation for the vessel F/V *Creole*.

ADJOURNMENT

Mrs. BENTLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 35 minutes p.m.), the House adjourned until tomorrow, Tuesday, August 4, 1987, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1891. A communication from the President of the United States transmitting the FY 1987 supplemental budget of the District of Columbia, pursuant to Pub. L. 93-198, Sec. 446; Pub. L. 98-473 (H. Doc. 100-93); to the Committee on Appropriations and ordered to be printed.

1892. A letter from the Secretary of Education transmitting a copy of final regulations for the assistance for school construction in areas affected by Federal activities program, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

1893. A letter from the Acting Director, Defense Security Assistance Agency, transmitting a copy of Transmittal No. 8-87, concerning a proposed memorandum of understanding with the Governments of Canada, the Federal Republic of Germany, the Netherlands, Spain, and United Kingdom for the concept exploration phase of a NATO antiair warfare system, pursuant to 22 U.S.C. 2767(f); to the Committee on Foreign Affairs.

1894. A letter from the Executive Secretary, Federal Home Loan Bank Board, transmitting a copy of the Board's activities under the Freedom of Information Act during calendar year 1986, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

1895. A letter from the Executive Director, Federal Labor Relations Authority, transmitting the agency's report of its compliance under the Government in the Sunshine Act during calendar year 1986, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

1896. A letter from the Deputy Associate Director for Royalty Management, Department of the Interior, transmitting notification of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1897. A letter from the Deputy Associate Director for Royalty Management, Department of the Interior, transmitting notification of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1898. A letter from the Chief Immigration Judge, Executive Office for Immigration Review, Department of Justice, transmitting copies of the grants of suspension of deportation for certain aliens, pursuant to 8 U.S.C. 1254(c); to the Committee on the Judiciary.

1899. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1988 and 1989, and for other purposes, pursuant to 31 U.S.C. 1110; jointly to the Committees on Energy and Commerce and Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and referenced to the proper calendar, as follows:

[Pursuant to the order of the House on July 30, 1987 the following report was filed on July 31, 1987]

Mr. ST GERMAIN: Committee of conference. Conference report on H.R. 27 (Rept. 100-261). Ordered to be printed.

[Pursuant to H. Res. 26, the following reports were filed on July 31, 1987]

Mr. MILLER of California: Select Committee on Children, Youth, and Families. A report on Federal programs affecting children, 1987 (Rep. 100-258). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of California: Select Committee on Children, Youth, and Families. A report on U.S. children and their families: current conditions and recent trends, 1987 (Rep. 100-259). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of California: Select Committee on Children, Youth, and Families. A report on abused children in America: victims of official neglect (Rep. 100-260). Referred to the Committee of the Whole House on the State of the Union.

[Submitted August 3, 1987]

Mr. HAWKINS: Committee on Education and Labor. H.R. 1340. A bill to improve the administration of the Department of Agriculture Commodity; distribution activities, and for other purposes; with amendments (Rep. 100-216, Pt. 2). Referred to the Committee of the Whole House on the State of the Union.

Mr. MOAKLEY: Committee on Rules. House Resolution 237. Resolution providing for the consideration of H.R. 1315, a bill to authorize appropriations for the Nuclear Regulatory Commission for fiscal years 1988 and 1989, and for other purposes (Rep. 100-263). Referred to the House Calendar.

Mr. BONIOR of Michigan: Committee on Rules. House Resolution 238. Resolution providing for the consideration of House Joint Resolution 132 designating April 24, 1987, as "National Day of Remembrance of the Armenian Genocide of 1915-1923" Rept. 100-264. Referred to the House Calendar.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 2629. A bill to amend the Alaska National Interest Lands Conservation Act of 1980 to clarify the conveyance and ownership of submerged lands by Alaska Natives, Native Corporations and the State of Alaska; with an amendment.

Referred to the Committee on Merchant Marine and Fisheries for a period ending not later than Aug. 3, 1987 for consideration of such provisions of title II and title III of the amendment as fall within the jurisdiction of that Committee pursuant to clause 1(n), rule X (Rept. 100-262, Pt. 1). Ordered to be printed.

SUBSEQUENT ACTION ON A REPORTED BILL SEQUENTIALLY REFERRED

[The following action occurred on July 31, 1987]

Under clause 5 of rule X the following action was taken by the Speaker:

H.R. 1340. Referral to the Committee on Education and Labor extended for a period ending not later than August 3, 1987.

[Submitted August 3, 1987]

Under clause 5 of rule X the following action was taken by the Speaker:

H.R. 2629. The Committee on Merchant Marine and Fisheries discharged, rules suspended, H.R. 2629 considered as amended and passed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AKAKA (for himself and Mrs. SAIKI):

H.R. 3072. A bill to require the construction or acquisition of facilities for a new Veterans' Administration medical center in Hawaii; to the Committee on Veterans' Affairs.

By Mr. ANTHONY (for himself, Mr. ALEXANDER, Mr. ROBINSON, and Mr. HAMMERSCHMIDT):

H.R. 3073. A bill to modify the McClellan-Kerr Arkansas River navigation project for the purpose of making water supply an authorized purpose of such project, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. DERRICK (for himself, Mr. GALLO, Mr. BOUCHER, Mr. COBLE, Mr. SLAUGHTER of Virginia, Mrs. MARTIN of Illinois, Mr. SYNAR, Mr. TORRICELLI, Mr. DEWINE, Mr. RINALDO, Mr. LELAND, and Mr. HUGHES):

H.R. 3074. A bill to amend title 35, United States Code, with respect to Patent term restoration, and for other purposes; to the Committee on the Judiciary.

By Mr. HERGER (for himself and Mr. BOSCO):

H.R. 3075. A bill to amend title 18, United States Code, to make it unlawful to spike timber, and for other purposes; to the Committee on the Judiciary.

By Mr. LANTOS:

H.R. 3076. A bill to amend the Internal Revenue Code of 1986 to permit individuals to receive tax-free distributions from an individual retirement account or annuity to purchase their first home; to the Committee on Ways and Means.

By Mr. MORRISON of Washington:

H.R. 3077. A bill to suspend certain activities of the Secretary of Energy under the Nuclear Waste Policy Act of 1982, to authorize construction of regional monitored retrievable storage facilities, and for other purposes; jointly, to the Committees on Interior and Insular Affairs; Energy and Commerce; Science, Space, and Technology; and Public Works and Transportation.

By Mr. PASHAYAN (for himself, Mr. BOSCO, Mr. HERGER, Mr. YOUNG of Alaska, Mr. MARLENEE, Mr. STUMP, Mr. CRAIG, Mr. STALLINGS, Mr. ROBERT F. SMITH, Mr. NIELSON of Utah, Mr. SHUMWAY, Mr. CAMPBELL, Mr. DANNEMEYER, and Mr. OLIN):

H.R. 3078. A bill to amend section 1853 of the act of June 25, 1948; to the Committee on the Judiciary.

By Mr. ROWLAND of Connecticut (for himself, Mr. HUNTER, Mr. IRELAND, Mr. HANSEN, Mr. DONALD E. LUKENS, Mr. BURTON of Indiana, and Mr. WILSON):

H.R. 3079. A bill to prohibit the Secretary of Defense from entering into contracts with the Toshiba Corp. and Kongsberg Vapenfabrik; to the Committee on Armed Services.

By Mr. SOLARZ:

H.R. 3080. A bill to make demonstration grants to local educational agencies eligible to receive assistance under title I of the Elementary and Secondary Education Act of 1965, as modified by chapter 1 of the Education Consolidation and Improvement Act of 1981, in order to strengthen the educational partnership between the family and the school, and for other purposes; to the Committee on Education and Labor.

By Mr. WILLIAMS (for himself, Mr. ENGLISH, Mr. JOHNSON of South Dakota, Mr. STALLINGS, and Mr. DORGAN of North Dakota):

H.R. 3081. A bill to consolidate and improve existing emergency livestock feed assistance programs administered by the Secretary of Agriculture, and for other purposes; to the Committee on Agriculture.

By Mr. WISE:

H.R. 3082. A bill to amend the Motor Vehicle Information and Cost Savings Act to provide for the appropriate treatment of methanol and ethanol, and for other purposes; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. LEVINE of California (for himself, Mr. WOLPE, Mr. SOLARZ, Mr. LEACH of Iowa, and Mr. BROOMFIELD):

H. Res. 239. Resolution expressing the sense of the House of Representatives on future United States assistance to Pakistan; to the Committee on Foreign Affairs.

By Mr. LANTOS:

H. Res. 240. Resolution supporting the people of Haiti in their efforts to obtain respect for human rights and the holding of free and fair elections in Haiti, and for other purposes; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII.

177. The SPEAKER presented a memorial of the General Assembly of the State of Illinois, relative to the reauthorization of the Older Americans Act; which was referred to the Committee on Education and Labor.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 245: Mr. BARNARD, Mr. BOUCHER, Mr. DAVIS of Illinois, Mr. JOHNSON of South Dakota, and Mr. SMITH of Texas.

H.R. 378: Mr. GONZALEZ.

H.R. 390: Mr. DONNELLY, Mr. VENTO, Mr. BOUCHER, Mr. ERDREICH, Mr. WHEAT, Mr. BROWN of California, Mr. DURBIN, Mr. EVANS, Mr. ST GERMAIN, Mr. SYNAR, Mr. THOMAS of Georgia, Mr. HENRY, Mr. UDALL, Mr. GEPHARDT, Mr. HUNTER, Mr. MADIGAN, Mr. WISE, Mr. FOGLIETTA, Mr. RAHALL, Mr. TORRES, Mr. GORDON, Mr. HUTTO, Mr. LANTOS, Mr. BALLENGER, Mr. BEILENSON, Mr. BILBRAY, Mr. BILIRAKIS, Mr. BRUCE, Mr. CARPER, Mr. CARR, Mr. COELHO, Mr. DORGAN of North Dakota, Mr. DREIER of California, Mr. FORD of Tennessee, Mr. GAYDOS, Mr. GEJDENSON, Mr. GONZALEZ, Mr. HEFNER, Mr. HOPKINS, Mr. HUCKABY, Mr. KILDEE, Mr. LAFALCE, Mr. LEATH of Texas, Mr. LEHMAN of California, Mr. LEVINE of California, Mr. MCCOLLUM, Mr. MACK, Mr. MARKEY, Mr. MAZZOLI, Mr. MILLER of Washington, Mr. MONTGOMERY, Mr. NICHOLS, Mr. OBERSTAR, Mr. PENNY, Mr. ROSE, Mr. SHARP, Mr. SLATTERY, Ms. SNOWE, Mr. STUMP, Mr. TORRICELLI, Mr. WYLIE, Mr. FLIPPO, Mr. HARRIS, and Mrs. BOGGS.

H.R. 469: Mr. HASTERT.

H.R. 514: Mr. LATTA.

H.R. 622: Mr. FIELDS, Mr. DAUB, Mr. BUSTAMANTE, Mr. NICHOLS, Mr. NIELSON of Utah, Mr. QUILLEN, Mr. HORTON, Mr. MARLENEE, and Mr. NATCHER.

H.R. 779: Mr. GRAY of Pennsylvania.

H.R. 898: Mr. HAYES OF LOUISIANA.

H.R. 1028: Mr. NEAL.

H.R. 1158: Mr. COELHO and Ms. PELOSI.

H.R. 1217: Mr. KOLTER.

H.R. 1259: Mr. SCHUETTE.

H.R. 1433: Mr. WEISS, Miss SCHNEIDER, and Mr. KASTENMEIER.

H.R. 1506: Mr. BROWN of California and Mr. PEPPER.

H.R. 1606: Mr. ARCHER, Mr. NEAL, and Mr. LOWERY of California.

H.R. 1623: Mr. BOUCHER and Mr. BRYANT.

H.R. 1646: Mr. OWENS of New York.

H.R. 1651: Mr. HOCHBRUECKNER.

H.R. 1729: Mr. SHUSTER and Mr. PENNY.

H.R. 1766: Mr. JOHNSON of South Dakota.

H.R. 1808: Mr. SOLOMON and Mr. WOLPE.

H.R. 1816: Mr. JEFFORDS.

H.R. 1981: Mr. BARTON of Texas.

H.R. 1987: Mr. LOTT.

H.R. 2045: Mr. CHAPMAN.

H.R. 2240: Mr. BEILENSON.

H.R. 2248: Mr. MARTINEZ.

H.R. 2260: Mr. DONNELLY, Mr. DELAY, Mr. ARMEY, Mr. MCDADE, Mr. WATKINS, Mr. EMERSON, Mr. HILER, Mr. HAYES of Illinois, Mr. CAMPBELL, and Mr. MANTON.

H.R. 2298: Mr. HOLLOWAY and Mr. WEBER.

H.R. 2456: Mr. CLINGER, Mr. STUDDS, Mrs. KENNELLY, Mr. MRAZEK, and Mr. WAXMAN.

H.R. 2487: Mr. CONYERS, Mr. TORRICELLI, Mr. WELDON, Mr. MARTIN of New York, Mr. BROWN of California, Mr. LUJAN, Mr. ESPY, Mr. VALENTINE, Mr. BERMAN, Mrs. SAIKI, Mr. SHUMWAY, Mr. KILDEE, and Mr. HAYES of Illinois.

H.R. 2521: Mr. WOLPE, Mr. PANETTA, and Mr. BEILENSON.

H.R. 2587: Mr. THOMAS of Georgia, Mr. LIVINGSTON, Mr. COURTER, Mr. SIKORSKI, Mr. LEHMAN of Florida, Mr. CAMPBELL, Mr. PARRIS, Mr. RITTER, Mr. BALLENGER, and Mr. BAKER.

H.R. 2607: Mr. SUNIA and Mr. FISH.

H.R. 2611: Mr. TAUKE, Mr. MACKAY, Mr. DEWINE, Mr. HUGHES, and Mr. OXLEY.

H.R. 2624: Mr. HYDE, Mr. HOLLOWAY, and Mr. NIELSON of Utah.

H.R. 2628: Mr. BARTON of Texas.

H.R. 2640: Mr. JOHNSON of South Dakota, Mr. ESPY, Mr. DERRICK, Mr. WOLPE, Mr. BROOMFIELD, Mr. SLAUGHTER of Virginia, Mr. CLINGER, Mr. UPTON, Mr. ROWLAND of Georgia, Mr. BATEMAN, Mr. SPENCE, Mr. WATKINS, Mr. SCHUETTE, Mr. SAXTON, and Mr. THOMAS of Georgia.

H.R. 2649: Mr. OWENS of New York, Mr. DARDEN, Mr. NIELSON of Utah, Mr. MOAKLEY, Mr. FOGLIETTA, Mr. LANTOS, Mr. YATRON, Mr. STUDDS, Mr. LENT, Mr. BILBRAY, Mr. JOHNSON of South Dakota, Mr. HAYES of Illinois, Mr. DE LUGO, Mr. BLILEY, Mr. LIVINGSTON, and Mr. BEVILL.

H.R. 2692: Mrs. COLLINS and Mr. NEAL.

H.R. 2793: Mrs. SAIKI.

H.R. 2800: Mr. LAGOMARSINO, Mr. BRUCE, Mr. WAXMAN, Mr. JONTZ, Mr. FASCELL, Mr. KOSTMAYER, Mr. BUSTAMANTE, Mr. GREEN, and Mr. PURSELL.

H.R. 2801: Mr. FEIGHAN, and Mr. KOLTER.

H.R. 2811: Mr. PASHAYAN.

H.R. 2837: Mr. GORDON.

H.R. 2844: Mr. FRANK and Mr. ATKINS.

H.R. 2848: Mr. ECKART, Mr. WISE, Mr. OLIN, Mr. PENNY, and Mr. WILSON.

H.R. 2856: Mr. LEWIS of Florida and Mr. NIELSON of Utah.

H.R. 2881: Mr. SAWYER, Mr. FORD of Michigan, Mr. STUDDS, Mr. WILSON, Mr. SHUMWAY, and Mr. LEVINE of California.

H.R. 2884: Mrs. BYRON.

H.R. 2919: Mr. LAGOMARSINO.

H.R. 2926: Mr. TOWNS, Mr. BIAGGI, Mr. GRAY of Illinois, Mr. FROST, and Mr. GRAY of Pennsylvania.

H.R. 3005: Mr. COELHO.

H.R. 3010: Mrs. BOXER, Mr. REGULA, Mr. BEILENSON, Mr. HOCHBRUECKNER, Mr. RAVENEL, Mr. JEFFORDS, Mr. DAVIS of Illinois, Mr. ATKINS, Mr. STOKES, Mr. LANTOS, Mr. DEFAZIO, and Mr. GREEN.

H.R. 3039: Mr. KLECZKA, Mr. MILLER of California, Mr. NEAL, Mr. GEJDENSON, Mr. CONYERS, Mr. LEVINE of California, and Mr. MCCLOSKEY.

H.R. 3050: Mr. LEWIS of Georgia, Mr. FAUNTROY, Mr. OWENS of New York, Mr. HAYES of Illinois, Mr. DYMALLY, Mrs. COLLINS, and Mr. GRAY of Pennsylvania.

H.J. Res. 24: Mr. TORRICELLI, Mr. CONTE, Mr. DONNELLY, Mr. DARDEN, Mr. HANSEN, Mr. FLIPPO, Mr. OBERSTAR, Mr. ROYBAL, Mr. YATRON, Mr. BLAZ, Mr. COYNE, Mr. SIKORSKI, Mr. BATEMAN, Mr. STANGELAND, Mr. BRUCE, Mr. CROCKETT, Mr. FAWELL, Mr. DELLUMS, Mr. WYLIE, Mr. KASTENMEIER, Mr. HALL of Texas, Mr. JEFFORDS, Mr. STUDDS, Mr. SCHUMER, Mr. KANJORSKI, Mr. MATSUI, Mrs. BYRON, Mr. RUSSO, Mr. LOWERY of California, Mr. BATES, Mr. CHAPMAN, Mr. CAMPBELL, Mr. PANETTA, Mr. ALEXANDER, Mr. APPLEGATE, Mr. BROOMFIELD, Mr. CONYERS, Mr. PURSELL, Mr. DORGAN of North Dakota, Mr. FORD of Michigan, Mr. BOUCHER, and Mr. GONZALEZ.

H.J. Res. 48: Mr. GRANDY, Mr. GREGG, Mr. BALLENGER, and Mr. ROTH.

H.J. Res. 100: Mr. BROWN of California.

H.J. Res. 130: Mr. FLAKE, Mr. FLIPPO, Mr. HYDE, Mr. HUTTO, Mr. CLAY, Mr. GEKAS, Mr. GOODLING, Mr. GORDON, Mr. RAVENEL, Mr. NATCHER, Mr. UDALL, Mr. TAUKE, Mr. MARKEY, Mr. THOMAS of Georgia, Mr. TRAXLER, Mr. MFUME, Mr. CAMPBELL, Mr. CHANDLER, Mr. DANIEL, Mr. DARDEN, Mr. DE LUGO, Mr. LANCASTER, Mr. HILER, Mr. INHOFE, Mr. PANETTA, and Mr. MONTGOMERY.

H.J. Res. 180: Mr. PARRIS, Mr. SUNDQUIST, Mr. CLAY, Mr. OLIN, Mr. GREGG, Mr. LOWRY of Washington, Mr. MACKAY, Mr. MILLER of California, Mr. MILLER of Washington, Mr. MINETA, Mr. MOAKLEY, Mr. MONTGOMERY, Mr. MORRISON of Washington, Mr. NATCHER, Mr. NELSON of Florida, Mr. PEPPER, Mr. PERKINS, Mr. PRICE of North Carolina, Mr. RODINO, Mr. SWIFT, Mr. ANDERSON, Mr. BILBRAY, Mr. BONER of Tennessee, Mr. BONIOR of Michigan, Mr. BOSCO, Mrs. BOXER, Mr. CARR, Mr. CHANDLER, Mr. COELHO, Mr. FLIPPO, Mr. FOLEY, and Mr. HOYER.

H.J. Res. 206: Mr. CONYERS, Mr. BEVILL, Mr. WELDON, Mr. RODINO, Mr. CHANDLER, Mr. LEVIN of Michigan, Mr. LIVINGSTON, Mr. CARPER, Mr. MCDADE, Mr. NEAL, Mr. BURTON of Indiana, Mr. MCCOLLUM, Mr. FOGLIETTA, Mr. SUNDQUIST, and Mr. YATRON.

H.J. Res. 217: Mr. BIAGGI, Mr. MAZZOLI, Mr. SCHAEFER, Mr. BURTON of Indiana, Mr. FAWELL, Mr. HOPKINS, Mrs. JOHNSON of Connecticut, Mr. LUJAN, Mr. PARRIS, Mr. RHODES, and Mr. ROBERTS.

H.J. Res. 231: Mr. NICHOLS, Mr. MFUME, Mr. MCEWEN, Mr. FISH, Mr. FORD of Tennessee, Mr. LANTOS, Mr. LATTA, Mr. SAXTON, Mr. MARTIN of New York, Mr. GREGG, Mr. BENNETT, Mr. DYMALLY, Mr. FLIPPO, Mr. MORRISON of Connecticut, Mr. BERMAN, Mr. DUNCAN, Mr. MOORHEAD, Mr. LENT, Mr. CARPER, Mr. OBEY, Mr. PEPPER, Mr. WOLPE, Mr. SHAW, Mrs. JOHNSON of Connecticut, Mr. GUARINI, Mr. BROWN of California, Mr. SMITH of New Jersey, Mr. FLORIO, Mr. DONNELLY, Mr. SOLARZ, Ms. SLAUGHTER of New York, Mrs. KENNELLY, Mr. SCHEUER, Mr. RANGEL, Mr. MCHUGH, Mr. MORRISON of Washington, Mr. BUSTAMANTE, Mr. MATSUI, Mr. COURTER, Mr. CONTE, Mr. MCCOLLUM, Mr. MACKAY, Mr. PERKINS, Mr. MCMILLEN of Maryland, Mr. RINALDO, Mr. GONZALEZ, Mr. ASPIN, Mr. HALL of Texas, Mr. DWYER of New Jersey, Mr. ROWLAND of Georgia, Mr. DORNAN OF CALIFORNIA, Mr. NELSON of Florida, Mr. MURPHY, Mr. MCGRATH, Mr. RODINO, Mr. WELDON, Mr. THOMAS A. LUKEN, Mr. MANTON, Mr. PURSELL, and Mr. BOLAND.

H.J. Res. 240: Mr. LEWIS of Georgia, Mr. ATKINS, Mr. LAGOMARSINO, and Mr. DEWINE.

H.J. Res. 299: Mr. TAUKE, Mr. YOUNG of Florida, Mr. MCEWEN, Mr. MILLER of Ohio,

Mrs. VUCANOVICH, Mr. PORTER, Ms. SLAUGHTER of New York, Mr. BARTON of Texas, Mr. SWEENEY, Mr. FOGLIETTA, Mr. BATES, Mr. BARTLETT, Mr. HOYER, Mr. SCHAEFER, Mr. INHOFE, Mr. ANDREWS, Mr. BEILENSON, Mrs. BOGGS, Mr. BOUCHER, Mr. DONNELLY, Mr. DOWNEY of New York, Mr. DURBIN, Mr. EARLY, Mr. FRANK, Mr. GUARINI, Mr. KLECZKA, Mr. LEWIS of Georgia, Mr. MAVROULES, Mr. MICA, Mr. MILLER of California, Mr. MURPHY, Mr. RICHARDSON, Mr. SMITH of Iowa, Mr. SYNAR, Mr. TORRES, Mr. TORRICELLI, Mr. WALGREN, Mr. WATKINS, Mr. RINALDO, Mr. CARDIN, Mr. ENGLISH, Mr. KASTENMEIER, Mr. RANGEL, Mr. AUCOIN, Mr. BERMAN, Mr. BILBRAY, Mr. BRYANT, Mr. COLEMAN of Texas, Mr. CONYERS, Mr. COYNE, Mr. FLORIO, Mr. HAYES of Illinois, Mr. HERTEL, Mr. MCHUGH, Mr. MANTON, Mr. RAY, Mr. SPRATT, Mr. WOLPE, Mr. BAKER, Mr. BROWN of Colorado, Mr. COBLE, Mr. DREIER of California, Mr. EMERSON, Mr. GREGG, Mr. HANSEN, Mr. HEFLEY, Mr. HERGER, Mr. LATTA, Mr. DONALD E. LUKENS, Mr. MOLINARI, Mr. MOORHEAD, Mr. PARRIS, Mr. RHODES, Mr. RITTER, Mrs. SAIKI, Mr. SCHUETTE, Mr. SKEEN, Mr. SLAUGHTER of Virginia, Mr. SMITH of New Hampshire, Ms. SNOWE, Mr. SOLOMON, Mr. STUMP, and Mr. SUNDQUIST.

H.J. Res. 313: Mr. BEVILL, Mr. NIELSON of Utah, Mr. KOLTER, Mr. STOKES, Mr. LUNGREN, Mr. MURPHY, Mr. GINGRICH, Mr. GUARINI, Mr. ANDREWS, Mr. OBERSTAR, and Mr. DAVIS of Illinois.

H.J. Res. 315: Mr. MAZZOLI.

H.J. Res. 326: Mr. VOLKMER, Mr. LEWIS of Georgia, Mr. KLECZKA, Mr. MCMILLEN of Maryland, Mr. GARCIA, Mr. UPTON, Mr. KOLTER, Mr. BILBRAY, Mr. DEWINE, Mr. SAVAGE, Mr. ATKINS, Mr. OWENS of New York, Mr. TRAFICANT, Mr. BORSKI, Mr. DAVIS of Michigan, Mr. BLAZ, and Mr. MATSUI.

H.J. Res. 327: Mr. BLILEY, Mr. BROWN of Colorado, Mr. MARTINEZ, Mr. ROBINSON, Mr. SCHUETTE, Mr. ENGLISH, Mr. LAGOMARSINO, and Mr. DORNAN of California.

H.J. Res. 336: Mr. LANCASTER, Mr. HERTEL, Mrs. KENNELLY, Mr. FAUNTROY, Mr. DE LA GARZA, Mr. LEWIS of Georgia, Mr. DWYER of New Jersey, Mr. FROST, Mr. KENNEDY, Mr. YOUNG of Florida, Mr. BATES, Mrs. VUCANOVICH, Mr. GOODLING, Mr. DAUB, Mrs. ROUKEMA, and Mr. ATKINS.

H. Con. Res. 5: Mr. YATES,Mr. SLATTERY, Mr. DE LUGO, Mr. CLARKE, Mr. WOLF, Mr. WYDEN, Mr. BERMAN, Mr. TOWNS, Mrs. BOXER, Mr. BATEMAN, Mr. DEFAZIO, Mr. ERDREICH, Mr. PETRI, Mr. BILIRAKIS, Mr. SCHUETTE, Mr. BUSTAMANTE, Mr. TORRICELLI, Mr. HOYER, Mr. DAUB, Mr. MICA, Mr. UDALL, Mr. CARDIN, Mr. MOODY, and Mr. GREEN.

H. Con. Res. 83: Mr. BOLAND, Mrs. LLOYD, and Mr. CARDIN.

H. Con. Res. 111: Mr. KOLTER.

H. Con. Res. 160: Mr. BADHAM, Mr. MARTINEZ, Mr. DORNAN of California, and Mr. DELAY.

H. Res. 189: Mr. DORGAN of North Dakota, Mr. MRAZEK, Mr. KOSTMAYER, Mr. TRAFICANT, Mr. GRAY of Pennsylvania, Mr. LEVINE of California, Mr. LEWIS of Georgia, Mr. MARTINEZ, Mr. KOLTER, Mr. SIKORSKI, Ms. PELOSI, Mr. TORRES, Mr. HAYES of Illinois, Mr. DEFAZIO, Mr. TOWNS, Mr. WOLPE, Ms. KAPTUR, Mr. MFUME, Mr. CONYERS, Mr. CLAY, Mr. DIXON, Mr. DELLUMS, Mr. HOWARD, Mr. BONIOR of Michigan, Mr. MILLER of California, Mr. FAZIO, Mr. FROST, and Mr. EVANS.

H. Res. 225: Mr. BILBRAY, Mr. BOEHLERT, Mr. DELAY, Mr. GARCIA, Mr. HENRY, Mr. JONES of North Carolina, Mr. KASICH, Mr. KOLTER, Mr. LANCASTER, Mr. DONALD E. LUKENS, Mr. MACK, Mr. MARTIN of New York, Mr. MINETA, Mr. NEAL, Mr. OBERSTAR, Mr. SAVAGE, and Mr. STUMP.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1315

By Mr. ECKART:

—At the end of the bill, add the following new section:

SEC. 7. OPEN MEETINGS.

No amount authorized to be appropriated under section 1 may be used in fiscal year 1988 or 1989 to hold any Nuclear Regulatory Commission meeting that does not conform to the regulations contained in sections 9.100 through 9.109 of title 10 of the Code of Federal Regulations, as in effect on January 1, 1985.