SENATE—*Wednesday, May 17, 1989*

(Legislative day of Tuesday, January 3, 1989)

The Senate met at 1 p.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. BYRD].

PRAYER

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

Let us pray:

*Owe no man any thing, but to love one another: for he that loveth another hath fulfilled the law. * * * Love worketh no ill to his neighbor: therefore love is the fulfilling of the law.*—Romans 8:8,10.

Gracious God, our loving Heavenly Father, give us grace to heed and obey this big word in the Bible: "Love one another." Help us to treat those with whom we work with the dignity, the respect, and the care each deserves, whatever position.

Deliver us from the abuse of power, remembering that those who have little power are often more abusive than those who have great power. Give special comfort to those among us who have been battered by others. Remind us of Isaiah's image of a true leader as a suffering servant and Jesus' definition that the one who would be greatest is the servant of all. Help us to see that "throwing our weight around" is not leadership but ego. Strengthen us all with the will to love, to honor, to respect the value of each person with whom we have to do. Fill us with Your love and let love prevail throughout this place.

In the name of Him whose love is unconditional, universal, and eternal. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

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

THE JOURNAL

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

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

THE SCHEDULE

Mr. CONRAD. Mr. President, following the time for the two leaders there will be a period for morning business not to extend beyond 1:30 p.m. with Senators permitted to speak therein for up to 5 minutes each.

CONSIDERATION OF CONFERENCE REPORT ON H.R. 2

Mr. CONRAD. Mr. President, under a previous consent agreement the Senate was to begin consideration of the conference report on the minimum wage bill, H.R. 2, at 2 p.m. today.

I now ask unanimous consent that the Senate begin consideration of the conference report on H.R. 2 at 1:30 p.m. under the same conditions and limitations as previously ordered.

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

Mr. CONRAD. Therefore, Mr. President, the vote on final passage of the conference report will occur on or about 4 p.m. today.

RESERVATION OF LEADER TIME

Mr. CONRAD. Mr. President, I ask unanimous consent that the remainder of the majority leader's time be reserved.

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

RECOGNITION OF THE ACTING REPUBLICAN LEADER

The PRESIDENT pro tempore. The acting Republican leader, Mr. WILSON, is recognized.

RESERVATION OF LEADER TIME

Mr. WILSON. I ask unanimous consent that the remainder of the Republican leader's time be reserved.

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

MORNING BUSINESS

The PRESIDENT pro tempore. Morning business is now the order of the Senate.

Mr. CONRAD. Mr. President, I ask unanimous consent to proceed for approximately 10 minutes in morning business.

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

The Senator from North Dakota is recognized for not to exceed 10 minutes.

Mr. CONRAD. I thank the Chair.

(The remarks of Mr. CONRAD pertaining to the introduction of legislation are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. CONRAD. May I inquire, Mr. President, as to the time remaining?

The PRESIDENT pro tempore. The Senator has 3½ minutes remaining.

SYTTENDE MAI

Mr. CONRAD. Mr. President, today is "Syttende Mai," Norwegian Independence Day. In commemoration, I rise to salute the citizens of Norway and the millions of citizens of this country who are of Norwegian descent.

This morning, I visited Ambassador Kjeld Vibe at the Norwegian Embassy to extend my best wishes on this festive occasion. I also presented him with a letter to King Olav V of Norway from North Dakota Gov. George Sinner congratulating the people of Norway and inviting all Norwegians to participate in North Dakota's centennial festivities this year.

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

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

STATE OF NORTH DAKOTA,
Bismarck, ND, May 15, 1989.

HIS MAJESTY KING OLAV V,
Oslo, Norway.

YOUR MAJESTY: On behalf of the State of North Dakota, I extend my congratulations to the people of Norway on the occasion of the 175th Anniversary of the signing of Norway's Constitution at Eidsvoll, Norway, on May 17, 1814. This day is especially significant because of the many important ties that exist between Norway and the United States and the State of North Dakota in particular.

The year 1814 was a year of great uncertainty in the world. Much of Europe was in great turmoil because of the Napoleonic war, and because the United States was embroiled in the long, bitter War of 1812 with England. Much of America, and all of what is now North Dakota, was an almost undiscovered country known but to only a few trappers and fur traders, missionaries and explorers. It was indeed "the year of miracles," as the Norwegian historian Jens Arup Seip has written.

Professor Knut Mykland of the University fo Bergen, Norway, has written that the years from 1770 until 1814 covered a period of history during which the Atlantic world witnessed a wave of constitutions, many of which lasted only a few years. The American and Norwegian Constitutions are the only two democratic constitutions that survived that era. There are perhaps many reasons why these constitutions succeeded when so many others failed, but the guaranatees of political independence, sovereignty of the people and balance of power were important features common to the constitutions of both of our countries that assured their survival for so many years.

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

At various times in our history North Dakota has been referred to as the most Norwegian of all the states of the United States of America. This unique feature of our state had its beginning on May 13, 1869, when Nelson E. Nelson became the first of many thousands of Norwegian immigrants to come to North Dakota. Nelson was not only the first Norwegian to take up permanent residence in North Dakota, but he was also our first homesteader. Within the next few years after Nelson's arrival, Norwegians became one of the largest of the many ethnic groups to settle here, and even today approximately thirty percent of our population is of Norwegian ethnic background.

One hundred years ago the people of North Dakota had just finished electing 75 delegates to a North Dakota Constitutional Convention to prepare for North Dakota to be admitted as the 39th state of the United States of America on November 2, 1889. Eight of the delegates that wrote North Dakota's constitution were Norwegians and many of the features of our constitution that we cherish today were initiated by them. This year as we celebrate the 175th Anniversary of the signing of Norway's Constitution and the 100th Anniversary of North Dakota's Statehood, Norway can look with great pride on the contributions its people have made in forging the state of North Dakota.

The sons and daughters Norway sent to North Dakota have left an indelible mark on North Dakota in ways almost too numerous to mention. In the 100 years North Dakota has been a state, six of my predecessors in this office and thirteen Lieutenant Governors have been of Norwegian ancestry. Moreover, there is not one of the many elective offices in state government that has not been headed by an official with Norwegian ancestry. In addition, several Norwegian descendants have represented North Dakota in the United States Congress. Education, good government, community involvement, a strong church life, and a high sense of morality are only a few hallmarks with which North Dakota's Norwegian population, along with other ethnic groups, has been identified.

Your Majesty, North Dakota's present-day Norwegians have not forgotten the great sacrifices their ancestors made when they left their families and friends in Norway to set out to build a new life in an unknown frontier—a life that was often filled with untold hardship, danger, and adversity—to do their part in building not only the great state of North Dakota, but also to play an important role in making a better world for all of us today. The descendants of those courageous pioneers who came to North Dakota are today also celebrating Syttende Mai all across North Dakota, and they are being joined by hundreds and thousands of people from many other ethnic groups.

In bringing you these glad tidings, I bring them not from the Norwegians alone, but the men and women of all our nationalities who extend to you their kindest and most cordial greetings. Syttende Mai takes on a special significance in North Dakota this year because of our own Centennial celebration. Between now and the end of this year, several events are planned, many of which will focus on the ethnic diversity of our people. All North Dakota people join with me in extending an invitation to Your Majesty, the Royal Family, officers of your government and all of the people of Norway to visit North Dakota for a Syttende Mai, "Day of Days," that will never be forgotten.

Respectfully,

GEORGE A. SINNER,
Governor.

Mr. CONRAD. Mr. President, this year's celebration is particularly notable as it marks the 175th anniversary of the signing of the Norwegian Constitution. This historic document was modeled after our Declaration of Independence and Federal Constitution of 1787 and inspired by the cherished ideals and values upheld by our forefathers.

The common threads of democracy continue to bind the United States and Norway. Our friendship with this Nordic land is based on common interests, values and enduring family ties.

Mr. President, nearly 4 million Americans living in all 50 States are of Norwegian descent. I count myself as one of them. But no State has a higher percentage of citizens who can trace their heritage to Norwegian roots than those in my State, North Dakota—where about 30 percent of the population has a Norwegian background.

North Dakota has been known as the most Norwegian of the 50 States at varying times in history. We are proud of our Nordic heritage. In fact, one of our communities, Fairdale, is known as Little Norway because it is home to so many Norwegians.

Across the State today, North Dakotans will be joining their Nordic cousins in celebration of independence day. Norewegian flags of red, white, and blue will be proudly displayed, waving along side their American counterparts in the North Dakota breeze.

It is my sincere privilege to salute the people of Norway and all Norwegian Americans as they celebrate this historic day.

RECOGNITION OF THE ACTING REPUBLICAN LEADER

The PRESIDENT pro tempore The acting Republican leader, Mr. WILSON, is recognized for not to exceed 5 minutes.

Mr. WILSON. Thank you, Mr. President.

(The remarks of Mr. WILSON pertaining to the introduction of legislation are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The ACTING PRESIDENT pro tempore. The Senator from Nebraska [Mr. EXON] is recognized for not to exceed 5 minutes.

Mr. EXON. I thank the Chair.

(The remarks of Mr. EXON pertaining to the introduction of legislation are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The ACTING PRESIDENT pro tempore. The senior Senator from Nevada [Mr. REID] is recognized for not to exceed 5 minutes.

INDEPENDENT EXPENDITURES

Mr. REID. Mr. President, during the 1988 Presidential election, a PAC representing Japanese automobile dealers spent over half a million dollars in my State of Nevada.

The money was spent on advertising and direct mail, which was disseminated throughout the State.

The message from the automobile dealers focused on the issue of Social Security—which frankly has little direct relationship to the automobile dealers' concerns.

We have 389,000 registered voters in the State of Nevada. That means that the independent expenditures of half a million dollars represented an investment of nearly $1.50 for each voter.

Imagine if a group were to commit that kind of investment to an independent expenditure in California, where there are about 13 million registered voters. At the rate of $1.50 per registered voter, they would be spending about $20 million to influence the campaign.

Mr. President, the Federal Election Campaign Act has not been changed for 10 years.

We have attempted to revise the act to better reflect the reality of campaigns. But such attempts have been divisive. Debate over proposed legislation is fraught with clashes and conflicts.

I would sincerely like to see a successful negotiation of a comprehensive campaign finance reform package. But, until that happens, why can we not move to the issues on which we all agree?

I have looked at most of the legislative proposals introduced to date this session. An inordinate number of them mention independent expenditures. For example, Senators HOLLINGS and DANFORTH introduced a bill relating to independent expenditures. Their bill certainly looks like a good one.

These bills contain language such as "tightening the definition and improving the disclosure of independent expenditures."

The frequency with which independent expenditures is mentioned, in legislation introduced by both parties, indicates an opportunity—an opportunity for this Congress to make some progress on campaign finance reform.

Independent expenditures represent perhaps the most threatening of the current campaign finance flaws—which is why we need to address the issue with some immediacy.

Let me tell you why independent expenditures can hurt everyone. By definition, independent expenditures must be made for communication with voters, and they must be made with-

out any consultation with the candidate's organization.

In other words, PAC's or individuals can spend as much money as they are able to raise to communicate with the voters.

There are no limits. With other expenditures, there are limitations—$1,000 for individuals, and $5,000 for PAC's. But there are no limits on independent expenditures.

Those making independent expenditures may raise their money in the name of the candidate.

This was done during the recent Presidential election, when organizations such as Americans for Bush and Citizens for Dukakis emerged, raising money allegedly to support the respective candidates.

But they were competing with the Presidential contenders' own campaign organizations and national party fundraising efforts.

Furthermore, they each had their own agenda. Just consider what might happen if such organizations were raising money for independent expenditures because they wanted to help a candidate with the election?

They can buy media time and produce advertisements that say whatever they want to say.

Their decisions on what voters will hear is, by definition, independent of your campaign.

Such a situation has the potential for real damage, if those responsible for the independent expenditures have a different agenda than your own, or they choose to create a message that is counter to your own campaign strategy.

Using the example I discussed earlier, imagine what could happen if somebody did make an independent expenditure of $20 million in one State? Under the present law they could. When independent expenditures become the prominent force in the campaign, there is a danger that outside parties can effectively buy elections. Unless we do something soon, they could well become the dominant force in our election process.

In a recent conference on campaign finance, a director of one of the two PAC's who have spent the most money in elections on independent expenditures said his PAC would continue its practice of heavy independent expenditures.

He advocated the use of independent expenditures over contributions directly to a candidate's campaign.

He said that independent expenditures were preferable because they provide "total control over your dollar."

If we do not address the issue of independent expenditures soon, I am afraid that when we wage elections in coming years, there will be outside parties controlling our campaigns.

For the sake of those seeking election or reelection, and the voters who must make hard choices, we must impose greater controls on independent expenditures. I encourage my colleagues, both Democrat and Republican, to work together to resolve the issue of independent expenditures.

The ACTING PRESIDENT pro tempore. The Senator from Washington [Mr. GORTON] is recognized.

The Chair calls to the attention of the Senator that under the order, at 1:30 p.m., the Senate proceeds to the consideration of the conference report on H.R. 2. Would the Senator like at this point to ask unanimous consent that he be accorded 5 full minutes?

Mr. GORTON. The Senator would like to ask unanimous consent to make that request.

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

The Senator is recognized for not to exceed 5 minutes.

THE WASHINGTON STATE APPLE INDUSTRY

Mr. GORTON. Mr. President, 2 weeks ago I took the floor to criticize the irresponsible nature with which the Alar issue has been handled by certain environmental groups, particularly the Natural Resources Defense Council, and certain segments of our media, including CBS. In response to criticism like mine, CBS in a followup segment of "60 Minutes" entitled "What About Apples" this past Sunday presented a more balanced discussion of the issue, at least when compared with its previous broadcast.

While I am still not satisfied with CBS's treatment of the Alar issue, and am bitterly critical of the actions that CBS and NRDC together undertook to needlessly frighten American consumers, I do not intend to focus my comments today on their behavior. Rather, Mr. President, I would like to commend the responsible course of action pursued by the apple industry in my home State of Washington in response to the Alar controversy.

Washington State grows about half of the Nation's apples. In 1987, Washington harvested more than 100 million boxes of apples, or about 2.3 million tons, worth in excess of $300 million. This is a remarkable feat when you consider the risk an apple crop faces from unseasonable heat and cold, hail, drought, and disease.

Nevertheless, Washington State apple orchardists—most of whom are family farmers trying to make a living from 40 or so acres of trees—have been blessed in their ability consistently to deliver the highest quality product possible to health-conscious consumers.

Indeed, apples are rich in fiber, contain no cholesterol or fat and very little sodium. At about 80 calories each, apples fill you up without filling you out—a plus for any serious weight watcher. In addition, they taste good and kids love them. It is no wonder that the apple is the world's most perfect health food.

As you are aware, Mr. President, I have the privilege of hosting the Senate "candy desk." I enjoy this privilege because it gives me the opportunity to visit with many of my colleagues throughout the day as they stop by for a snack. Today, I have refreshing news. In the spirit of promoting good health among my colleagues, I am converting the Senate's "candy desk" to the "apple desk" for a day.

My point is that the folks who provide us with an apple a day are caught in a crossfire which threatens their very livelihood. In 1985, when the Alar issue first emerged, the Washington Apple Commission anticipated consumer concern by recommending to its growers that, despite its unproven risk, they forgo the use of Alar on their apple crop.

Washington growers have acted responsibly. They have led the Nation in funding research that, in turn, has enabled them to reduce their use of agricultural chemicals by 33 percent; Washington growers helped pioneer the development of integrated pest management as part of an overall effort to minimize the use of chemicals; and Washington growers accomplished these tasks while continuing to produce premium apples that put those of our world competitors to shame.

Most Washington apple growers voluntarily stopped using Alar fully 3 years before the Government and the rest of the industry took action. They continue to lead the way in dealing responsibly with Government agencies and the scientific community in trying to sort fact from fiction.

Despite their efforts, growers in my State have already reported losses in excess of $90 million as a result of the great Alar scare. The biggest loser in this unfortunate shootout may be the American public, particularly children who have substituted "junk food" for fresh fruits and vegetables.

The hysteria caused by this controversy threatens to derail a process for reviewing the safety of agricultural chemicals that should be based on sound scientific study rather than fear. Under this scenario, the term "political science" is given an entirely new meaning.

I would caution my colleagues against succumbing to the temptation to act for the sake of expediency without regard to responsibility.

Rather, I would encourage my colleagues to provide our Government agencies—FDA, EPA, and USDA—with the resources necessary to develop an adequate scientific basis for regulatory

action, and effectively to monitor and enforce food safety standards. I would further invite my colleagues to join me in demanding that all imported agricultural products be required to meet the same high standards established for our own agricultural commodities. Finally, I would emphasize the need for an atmosphere of cooperation rather than confrontation among producers and consumers in which neither will be harmed and on which both can rely.

Mr. President, I yield the floor.

Mr. WIRTH addressed the Chair.

The PRESIDENT pro tempore. The Senator from Colorado is recognized. The Chair calls to the attention of the Senator, the order of the Senate provides for the close of morning business.

Mr. WIRTH. Mr. President, I ask unanimous consent that I be allowed to speak for 5 minutes.

The PRESIDENT pro tempore. Without objection, the Senator from Colorado [Mr. WIRTH] is recognized for not to exceed 5 minutes.

THE EAGLE AND THE BEAR: CAN THEY DANCE TOGETHER?

Mr. WIRTH. Thank you very much, Mr. President. I wanted to comment, Mr. President, on what I found to be an extraordinarily unfortunate statement made or alleged to have been made yesterday by the press secretary of the President of the United States calling Mr. Gorbachev a drugstore cowboy. It seems to me that this is a kind of demeaning language and certainly not a very appropriate way for us in the United States to conduct mature relationships with the other superpower in the world.

It seems to me this is an appropriate time to put in the RECORD a very interesting presentation given at the Wirth Washington Seminar, which I hold every year at the end of April, by Suzanne Massie, called The Eagle and the Bear: Can They Dance Together?

Ms. Massie is a very distinguished scholar of Soviet studies; a fellow of the Harvard Russian Research Center; the author of a variety of very distinguished scholarly pieces on the Soviet Union and Soviet culture and has been described by many as the most important person in advising former President Reagan on the Soviet Union and getting him to think differently about the Soviets.

Let me, if I might, in light of the drugstore cowboy comment, quote a little bit from Ms. Massie's speech:

> Today after many years of confrontation in the 20th century, it is perhaps time to consider the question: Could the eagle and the bear dance together again? * * * Somehow we always seem to be one leader behind: We treated Khrushchev as if he were Stalin, Brezhnev as if he were Khrushchev and now—Gorbachev as if he were Brezhnev. Because of this unfortunate predilection we have often missed opportunities in the past. I believe that this is the greatest opportunity we have had to try to forge a new relationship with the Soviet Union and it would be tragic if we were to muff this one now. We moan a lot about Gorbachev's successful "peace" offensives. What are we suggesting that is better? We have clung to our model of a Soviet foreign policy so entrenched that it could never evolve, while at the same time remaining convinced that we, because of our more flexible and responsive system have a greater aiblity for change. Yet now, it is our leaders who seem curiously paralyzed. * * *
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> The Soviet Union is in the process of wrenching change—coping with deep and perilous troubles—physically, psychologically, ecologically and economically. The outcome of all this ferment is as yet unknown, but I think we should no longer be talking so much about "intentions" but rather more realistically about the "possibilities" of the Soviet Union.

Ms. Massie goes on to list a whole variety of areas where she believes we should be working closely with the Soviet Union, and I note one of those:

> We should, I believe, energetically propose a generous and comprehensive plan to join forces with the Soviet Union to combat the problems of environmental degradation which threaten our common planet.

That is one of many suggestions. She goes on to say:

> It might also be helpful if we stopped talking about how long Gorbachev will "last." He has already lasted 4 years—the full term of an American President—and is now entering his second. Instead of worrying so much about what will happen to him and how long and who next (a fruitless exercise since no one can predict this anymore than we can predict with certainty who our next President might be) we might perhaps better deal with what we have now. One has only to thing how strange it would be to say that there was no certainty in dealing with President Bush since he might not last longer than 4 years.

Finally, quoting, Mr. President, Ms. Massie goes on to say:

> I believe that today we should be working with a new and changing Soviet Union to develop a mutually beneficial relationship, one which sees the gradual strengthening of forces which are friendly to the United States and the world:
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> In order to achieve this, we need patience and a little perestroika and self-criticism of our own. We must rigorously reexamine our old prejudices and stereotypes, and understand the complex forces and problems at work in the U.S.S.R. * * *
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> Perhaps most of all, we must strive to get over our often provincial ignorance of some of the most basic facts of Russian history and the complexities of Soviet life and society.

Mr. President, this is good advice for us all. It is good advice for the administration. I hope that the White House spokesman was misquoted yesterday. Whether he was or not, I would commend to him and his senior officials at the White House these remarks, "The Eagle and the Bear: Can They Dance Together?" as delivered by Suzanne Massie, and I ask unanimous consent that these remarks and her biography be printed in the RECORD.

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

THE EAGLE AND THE BEAR: CAN THEY DANCE TOGETHER?

(Remarks before the Wirth Washington Seminar Washington, DC, April 21, 1989, by Suzanne Massie)

I deeply love my own country and people—and it has happened that I have come to know and love another country and people who we regarded as enemy. I began my work twenty three years ago. Since then I have come to know hundreds of Russians from every walk of life. The Russian people and culture have enriched my life and have now become as familiar to me as my own. When I began it was not easy and sometimes even dangerous for us to be friends. It was definitely not a time of glasnost. Shadowy men who frowned on such contacts skulked in corners. We were often harassed and frightened, and passed through some very dark days. Yet somehow we managed to reach out, to trust each other and to maintain friendships—friendships made all the more precious because they were forced to survive barriers, long separations, enforced silence and distance. Many years have now gone by. Some of those who I first met when they were babies are now married and having children of their own. I am proud to have a godchild in the Soviet Union born on Christmas day two and a half years ago and six other children who call me aunt—one, who calls me "Aunt America," a name that particularly delights me.

Through these years I understood how fortunate I was to have the opportunity to go through the dark looking glass that separated our nations and I always hoped that our two peoples would one day have a chance to know each other as I had. I tried to make this happen in my own way by speaking out against what I thought was wrong and writing about what I found beautiful—and there was much of both. My efforts were not always regarded benignly by either side. The bureaucracy of both countries has at times regarded me as dangerous, curious and a little mad.

Perhaps this is understandable for as I am a writer and a historian I have a little different perspective—a worm's eye view if you like. I am interested first and foremost in people—their dreams, sorrow, aspirations, their past. My father was a very independent Swiss and from my earliest childhood I was taught to believe in the power of the individual. He instilled in me the belief that each of us can affect the world we live in for good or evil. For me, history is made by people, not by impersonal economic and political forces beyond our efforts to control and we can all change and affect it.

Certainly one thing that one observes as a historian is that history has a funny way of doing flip flops: today's guerilla fighter is tomorrow's patriot; yesterday's wartime enemies, today's treasured allies, and vice versa. Even national symbols are not sacrosanct. Teddy Roosevelt once proposed that the United States change its national symbol to the Grizzly Bear—a brave, independent animal said he, much better than that "dandified vulture" we had adopted. In those days, Russia's symbol was the Eagle: a double-headed one, that faced both East

and West, a symbol still useful to remember today.

Since during the past fifty years—with the exception of a brief flirtation during World War II—the Eagle and the Bear have been glowering and rattling swords at each other it has been difficult for we Americans, who have very short memories, to recall that throughout our history, with the exception of recent times, Russia and the United States enjoyed the most amicable relations. In the era of Imperial Russia, gestures between the land of the tsars and our young republic abounded and the United States considered Russia to be one of its firmest supporters in the international community. These friendly relations reached a peak in the 1860's and 70's during the reign of Tsar Liberator Alexander II. This Emperor who instituted many social, economic and political reforms, in addition to his crowning achievement—the liberation of the serfs in 1861, two years before Lincoln freed the slaves in the United States—was an object of respect and even veneration in the United States.

During those decades, Russian interest in the United States also increased greatly. Russians eagerly read the works of Edgar Allan Poe and James Fenimore Cooper, as well as those of Washington Irving, Hawthorne, Emerson, Longfellow, Whitman, Lowell, Holmes and Bret Harte. Russians soaked up American adventure novels, and learned the names of our states, cities and rivers. Young Russians dreamed of America as the land of excitement and romance. The great novelist Ivan Turgenev hailed Americans, as "the greatest poets of our time—not the poetry of words—but of action."

In 1860, Alexander II wrote admiringly of the United States as "presenting a spectacle of prosperity without example in the annals of history" and the Tsar and his ministers were firm in the belief that the Union must be preserved. When the French urged the British and the Russians to join them in full recognition of the Confederacy, the Imperial Government refused. And when, in 1863 at a critical moment in the Civil War a Russian frigate and two Russian corvettes steamed into New York Harbor, the event caused as much joy in the United States as it did surprise and consternation in France and England. Mrs. Lincoln paid a visit to the frigate *Oslabyia*, the first time a First Lady had set foot on a foreign warship. Toasts were drunk to Tsar and President. In New York, the Russians were greeted by cheering crowds and ecstatic newspaper headlines which proclaimed "New Alliance Cemented." At an elegant ball given at the Academy of Music, tables were decorated with huge figures of Peter the Great, Washington, Lincoln and Alexander in sugar and cake. Russian officers, among them Rimsky-Korsakov, then eighteen years old and a naval cadet, whirled hoopskirted New York ladies who wore on their bodices buttons from the coats of Russian officers.

When the overland telegraph brought additional good news that another Russian fleet that arrived in San Francisco, jubilation reigned all over America. Years later one gentleman recalled that his mother had clasped him to her bosom exclaiming, "We're saved! The Russians have come!" Lincoln referred to the Russian visits in his Thanksgiving Proclamation as one of "God's bounties of so extraordinary a nature that they cannot fail to penetrate the heart."

The timely appearance of the Russian fleet caused the French and English to hesitate in giving support to the Confederacy. And, after the war, a grateful America did not forget. In 1866 after an assassination attempt on the life of Alexander II, President Andrew Johnson sent a formal message to the Emperor and the House and Senate passed a joint resolution congratulating the Russian people on his escape. This was a unique event in American history; never before had a message been sent to a foreign nation expressing personal feeling for its sovereign.

Assistant Secretary of the Navy Gustavus Fox personally delivered the message, crossing the Atlantic in a new Monitor class ship which anchored in St. Petersburg. He was nearly overwhelmed by the spontaneous outpouring of enthusiasm by the Russian people. The flag of the United States flew everywhere, people sang American songs and in the city of Kostroma, people threw their coats on the road for the American visitors to walk on. Fox was made an honorary citizen of several Russian cities.

Alexander's letter to President Johnson thanking him for the resolution of Congress was suffused with warmth and I think bears repeating today:

"The two people find in their past no recollections of old grievances, but on the contrary, memorials only of amicable treatment . . . These cordial relations which are as advantageous to their reciprocal interests as to those of civilization and humanity conform to the views of Divine Providence, whose final purpose is peace and concord among all nations.

"It is with a lively satisfaction that I see these bonds continually strengthening . . . I pray you to express them to Congress and to the American people, of which that body is their organ. Tell them how much I—and with me all Russia—appreciate the testimonials of friendship which they have given me and how heartily I shall congratulate myself on seeing the American nation growing in power and prosperity by the union and continued practice of the civic virtues which distinguish it.

Your good friend,

ALEXANDER.

It was in the glow of these good feelings that Russian-American negotiations for the sale of Alaska were completed in 1867. And because of that purchase we are today still only three miles distant from each other.

Today after many years of confrontation in the twentieth century it is perhaps time to consider the question: Could the Eagle and the Bear dance together again? Today we see a new liberalizing Russian leader who is extending many invitations. Over the past four years he has with quite astonishing speed moderated Soviet foreign policy, promoted economic reforms, courageously increased openness and self-criticism, allowed greater autonomy for the national republics within the Soviet Union, introduced a measure of democracy and made significant moves in human rights and increasing religious freedom. But where is our Abe?

Over the past twenty five years I have observed a curious phenomenon in American policy. Somehow we always seem to be one leader behind: We treated Khrushchev as if he were Stalin, Brezhnev as if he were Khrushchev and now—Gorbachev as if he were Brezhnev. Because of this unfortunate predilection we have often missed opportunities in the past. I believe that this is the greatest opportunity we have had to try to forge a new relationship with the Soviet Union and it would be tragic if we were to muff this one now. We moan a lot about Gorbachev's successful "peace" offensives. What are we suggesting that is better? We have clung to our model of a Soviet foreign policy so entrenched that it could never evolve, while at the same time remaining convinced that we, because of our more flexible and responsive system have a greater ability for change. Yet now, it is our leaders who seem curiously paralyzed. Perestroika (restructuring) and glasnost (openness) may be on the front pages of our newspapers and passed into our language, but not into our policy or our actions. Instead, we have responded with a bureaucratic sounding phrase "status quo plus" which sounds suspiciously like an American translation of "Brezhnevian stagnation."

Certainly there are many who have a large investment in old policies. Careerists are reluctant to link themselves to any Soviet leader by making definite pronouncements. After all, who knows what might happen between now and a future confirmation hearing? Careers in Washington are made by stressing one's "hawkishness," "vigilance," "prudence"—not by going out on a limb and expressing the need for new approaches toward policies, some of which are now almost fifty years old.

By arguing that "we can't do much" or "America should act only in American interests" the establishment seems to be treating the whole issue as a spectator sport in which it need not play a role. There is an astonishing lack of creativity, initiative and vision on our part. Bureaucratic equivocation seems to be our only answer to ferment and action on the part of the USSR. I was personally astonished to read a few weeks ago that after three months of the combined work of the NSC, the State Department, the CIA and the Pentagon pronounced, and I quote, that "the hardest task is to probe Russian intentions and tactics"! The elephant seems to have labored only to bring forth a mouse. It is not such a mystery and there is no need to examine the entrails of a rooster to divine the facts. The picture is clear and spread out for all to see and read on the pages of Soviet newspapers. The Soviet Union is in the process of wrenching change—coping with deep and perilous troubles—physically, psychologically, ecologically and economically. The outcome of all this ferment is as yet unknown, but I think we should no longer be talking so much about "intentions" but rather more realistically about the "possibilities" of the Soviet Union.

Now as they struggle to resolve their problems what should we do? Gloat? Bash them? Or reach out a hand? Many of Gorbachev's invitations to the dance have been rebuffed. A good example is Afganistan, which the Soviet Union regarded as a turning point in its relations with the new administration.

It is clear that we made an incorrect assessment that the Communist regime would collapse as soon as the Soviet armies pulled out. It is now evident that we were mistaken. We could have concluded that we had not made a correct assessment and responded to Soviet initiatives. Two months ago, the Soviet Union was proposing a solution which looked very much like the status quo before the invasion—a coalition of all parties including the former King with strong United Nations participation. Instead, it was our reaction to push harder, thus escalating the conflict again. Because of our negative response, the Soviet Union has perhaps has to reassess their policy and we may not be able to get what we could have only a short time ago. Our mutual goal after all, should

be to see an end to a bloody conflict in which the principal victims are innocent civilians—not a continuation of a war through proxies.

Considering our actions it has seemed to me a little ironic that we have been asking the Soviet Union as a test of its good intentions to help out in Central America. What are we doing to help them out in an area which is of vital concern to them?

Another kind of missed opportunity occurred recently. A week ago the New York Times reported that the Soviet Union, dipping into an emergency fund of foreign currency had begun a major push to buy Western consumer goods—razor blades to soap powders, shoes and pantyhose. These would have retail value of 5 billion rubles, perhaps equivalent to 1 billion dollars. Most of these contracts, now already concluded, were signed with Japanese and European companies—not with the United States. This is perhaps not so much because of MFN but because of the generally negative political climate. In both of these very different cases, we missed the lead.

We all know that in order to dance one needs to hear the same tune and learn complimentary steps. As citizens, we should all think about what these steps might look like; but, while we are retooling and studying our broad policy there are some mutually beneficial tangible moves that we might consider that come to my mind:

1. We should I believe, energetically propose a generous and comprehensive plan to join forces with the Soviet Union to combat the problems of environmental degradation which threaten our common planet. We are being told today by environmental experts that we have ten years to turn the situation around. In the Soviet Union the situation may be even worse; their experts are saying that for them it is now and perhaps even yesterday. In the course of a conversation I had last June with a high-ranking Soviet official he remembered that President Reagan once said that if our planet were to be suddenly threatened with danger by aliens from outer space, we would quickly join together to fight the common enemy. "I believe," said this Soviet official, "that the enemy is here—and it is the destruction of the environment."

2. We should more vigorously explore the possibility of joining forces to combat terrorism as was proposed recently at an international police conference.

3. We could perhaps be a little more sensitive to certain pressing regional concerns of the Soviet Union. As one speaker at a recent conference I attended asked, "How would you like to have Iran on your border?" The Soviet Union is the fourth largest Muslim country in the world and, along with the United States and Brazil, one of the three largest Christian countries. The Double-headed Eagle looking both toward East and West symbolized this concern.

4. The Soviet Union has enormous problems of health. According to Soviet statistics 38% of Soviet children do not receive DPT shots. The Soviet Union has 140,000 cases of turberculosis in children vs. our forty. The Soviet Union is fiftieth in infant mortality. There is no point in dwelling on the reasons for this—more importantly, I believe it is an area where we could perhaps reach out the hand of cooperation without the slightest fear of jeopardizing our national security. I myself am hoping to study the problems of handicapped children in the Soviet Union.

5. Although I am not an expert in the field of arms control, I hope that we could use the opportunity that is being presented now to pursue and conclude arms agreements. For one reason or another the Soviet Union seems ready to put a great deal on the table. Why linger incessantly to explore and test these overtures?

6. More cultural exchange: there are excellent films being made in the Soviet Union today—we see very few. The theater is vigorous and provocative yet the Taganka Theater has never been to the United States, or has Efreimov's Moscow Art Theater. We have no regular exchanges of television programs although there are now many interesting programs being made and shown in the Soviet Union.

7. The Soviet Union is eagerly looking for agricultural technology and knowhow, among other things for cattle feed additives rather than grain purchases. Nothing much has been done by our side. We have demonstrated little flexibility and just don't seem to be listening.

8. It might also be helpful if we stopped talking about how long Gorbachev will "last." He has already lasted four years—the full term of an American President—and is now entering his second. Instead of worrying so much about what will happen to him and how long and who next (a fruitless exercise since no one can predict this anymore than we can predict with certainty who our next president might be) we might perhaps better deal with what we have now. One has only to think how strange it would be to say that there was no certainty in dealing with President Bush since he might not last longer than four years. The old saying goes: the Past is over; the Future unknown; Today is all we know for certain.

We all know it is hard to adjust to changing human relationships. In our own personal lives we know that when a partner—or an adversary—changes it is often easier for us to deny the change than it is to wrestle with the personal growth that a new adaptation demands.

Change in the Soviet Union has come faster than anyone could have possibly predicted a few years ago. Only two years ago I gave a speech on the surprising happenings of that year in the Soviet Union. These ranged from the serious to the frivolous: an Yves St. Laurent show in the Hermitage, Pizza Hut . . . and could one believe it, even talk of a baseball team in Kiev. Everyone laughed. One man in the audience jovially declared "But we already have the Red Sox!" I ended my talk then by musing, "A baseball team in Kiev. If we are sensitive enough and imaginative enough to recognize change when we see it we may one day be playing a new kind of World Series." Well, the baseball team from Kiev has just played Annapolis "Peetchers" and "beizball bets" have now entered the Russian vocabulary along with "beezness" and "democratizatsiya." The Russians lost, but cheerfully said, "It's your game and we came here to learn." Which of their games are we trying to learn? It seems that we are dropping the ball, and if we are not careful it is we who may end up losing not only the chance to play with a new team, but the whole world series.

It might be useful for us to remember sometimes that we are not always at the center of their radar screen as we rather vainly like to believe—but sometimes only at the far corner. The Soviet Union is an Empire of one-hundred nations which covers eleven time zones. Russia is only one of fifteen republics. The Empire's frontiers are loosening, and as they do Russia and the Soviet Union are not only faced with extraordinary problems, but will have to consider new relationships and directions.

We have another serious problem to consider. A Soviet diplomat once said to his counterpart at one of the arms talks, "We are about to do a terrible thing to you. We are about to deprive you of an enemy." We need to ask ourselves: Can we live without an enemy? Engagement seems to be easier for us than disengagement.

Now in Abe and Alex's time the United States and Russia got along fine and yet no two systems could have been more different than an ancient autocracy and a young Republican democracy. So the difference in systems is not the problem. The problem has been a militant, expansionist Marxist-Leninist ideology.

In over twenty years even while Soviet newspapers and officials were reviling us almost daily, I have never heard an expression of hostility from any Russian man in the street. Curiosity, bewilderment—apprehension sometimes—but basically, the Russians really like us. I have been told, "Tell your countrymen we love you more than the Europeans do." The Russian people do admire us—and for the right reasons. They admire our energy, our spontaneity, our imagination and our knowhow.

Even the Soviet government and Soviet officials often pay us the compliment of trying to behave like us. They dress like our bureaucrats, talk like our bureaucrats, use incomprehensible acronyms just like ours.

The Russians are not our enemy. It has been the Soviet Government that has called us enemy and today, even they are no longer doing so.

Russians today, as they were in Abe Lincoln's day, are still fascinated by America. The United States—not Europe, not Japan—remains the standard of all excellence, the standard by which they measure everything. Many Russians still look to us as a model. Gorbachev's new step of creating a Congress of People's Deputies is an attempt to separate the executive from the legislative branch of government. One of the recently elected delegates to this new congress is a man who happened to be here last summer. He watched the Bush-Dukakis debates in Peoria and took home a video tape, and his wife recently reported by phone that he used it to good effect in his successful campaign.

The word "democracy" is now on Russian lips everywhere used by officials, printed on posters and in the pages of newspapers. Yet it obviously does not mean the same thing to them as it does to us. For however encouraging glasnost may be and the steps away from totalitarianism toward a greater pluralism it certainly is not and will not be our system, and if we are going to be satisfied only with a mirror image, we are bound to be disappointed, for Russia is different, has always been different and her way will not be ours. And what do we expect? Primaries in Minsk? Psychologists say that only narcissists want mirror images. Perhaps we should explore the differences—we might learn something.

We are a country of impatience, they of patience. We are a country of rationality, they of emotion. They are comfortable with contradiction and mystery, we are not. We may not know it yet, but we need the strength of the Russian people, their profound spirituality, and the wisdom and perspective they have so dearly won through their suffering.

29-059 O-90-33 (Pt. 7)

We might be as enriched by this contact in the future as we have been in the past. One has only to think how much Russia has given to our common western cultural heritage; to name but a few of a long, long list: Dostoevsky, Tolstoy, the ballet, Diaghilev, Stanislavsky, Tchaikovsky, Gershwin, Stravinsky, Chagall, Balanchine.

It may be time for us to start dancing together again. A Hindu proverb says: "When two bulls fight, the grass gets crushed." We are both exhausted from our fighting and while we have been occupied with this expansive struggle former adversaries are getting stronger at our mutual expense.

We Americans have a short history. It is hard for us to understand a country with a long history. And in Russia everything is long—their roads are long, their queues are long, their names, church services, novels and their history is long. I think we need to take a little longer view. Seventy years is a drop in the historical bucket for a country that is over a thousand years old. Russia has seen many leaders, many have passed into the mist, but Russia is still there.

I believe that today we should be working with a new and changing Soviet Union to develop a mutually beneficial relationship, one which sees the gradual strengthening of forces which are friendly to the United States and the world: the growing freedom of the press, the broader political participation, the strengthening of universal ethical and religious values and the law as the moral base of society.

In order to achieve this, we need patience and a little perestroika and self-criticism of our own. We must rigorously reexamine our old prejudices and stereotypes, and understand the complex forces and problems at work in the USSR. We need to bring a far more nuanced and compassionate approach to Russian national aspirations and concerns and no tar all of these as being extremist and retrograde as we have a tendency to do now. Perhaps most of all we must strive to get over our often provincial ignorance of some of the most basic facts of Russian history and the complexities of Soviet life and society. Only when we do this can we perhaps start looking down the road to a day when we will not be adversaries, but perhaps even partners—not enemies, but friends—as in other periods of history when we once were.

This may still sound Utopian today—although less than it did four years ago—yet it is possible, and perhaps looking at the problems which are coming at us from the rest of the world, even necessary for us both.

Before we too quickly dismiss such a possibility let us think for a moment about what has happened already. Who could have predicted, what odds would you have given two years ago that we would be playing baseball and eagerly scanning the front pages of the New York Times for the results of Soviet elections?

President Reagan's favorite Russian proverb was Trust But Verify. It is a good principal, but the first word is trust. Without that there is nothing to verify.

The bear has gotten up on its hind legs and has started to move quite friskily, even more insistently tapping out a rhythm that says in the words of Lewis Carroll "Will you, won't you, will you won't you, will you join the dance?" It is time to think, for the Eagle to stop sitting it out, to get up and lift its wings. The movements might look a bit awkward at first, but with the time and practice the result might just be a creditable waltz.

In Russia, this week following Orthodox Easter which fell this past Sunday is known as "Bright Week" to symbolize the joy of hope returned after a dark season. We should rejoice that today the Russian and other peoples of the Soviet Union are seeking a new relationship between themselves, their government and the rest of the world. In this Easter season of spring, which brings with it the promise of rebirth in both nature and man, it is possible to hope, and I do.

As for the future, I would like to leave you with a thought expressed to me by a Russian poet:

"Perhaps we are all witnesses in a gigantic trial whose outcome is determined and yet still hidden from us, but whose outline we can sometimes glimpse as we can sometimes, behind a driving rain, glimpse the silhouettes of angels."

SUZANNE MASSIE

Suzanne Massie, author and lecturer, is presently a Fellow of the Harvard Russian Research Center. She is one of our nation's leading specialists on the Russian people and their culture as well as the contemporary Soviet Union. She lectures all over the country and has been called to advise President Reagan, Secretary Shultz, and many members of the House and Senate.

Mrs. Massie was the editor and researcher of Nicholas and Alexandra, the best-selling biography written by her husband, Robert K. Massie. She co-authored with him, Journey, an account of their experiences with their son's hemophilia. Her own books include The Living Mirror: Five Young Poets from Leningrad and Land of the Firebird: The Beauty of Old Russia. She is presently at work at Harvard on her forthcoming book on the history and contemporary restoration of the palace of Pavlovsk which is located outside of Leningrad and was destroyed during World War II.

Mrs. Massie travels frequently to the Soviet Union, most recently as a guest of the Patriarch of the Russian Orthodox Church for the celebration of the Millennium of Christianity. She served as consultant to the opening of the Wyeth Exhibit in Leningrad, sponsored by AT&T and the Bradywine Museum, and as consultant to the Philip F. Anschutz Collection "Masterpieces of the American West", which will be exhibited in the Soviet Union in 1989. She is a member of the Council on Foreign Relations and a board member of the International League for Human Rights.

Mr. WIRTH. I yield the floor.

MIDEAST PEACE PROCESS

Mr. SPECTER. Mr. President, today, I speak on a part of the world that all too often defies description and confounds logic. It is an area of chronic instability that has a history of drawing foreign powers into conflict, and an unsurpassed ability to export violence. I refer to the Middle East.

Five wars later, there still stands Israel, 1 year past 40. It's neighbors, the Arab east, consists of half a dozen countries from Egypt on the west to Iraq in the east that collectively contains 110 million people and half the world's proved oil reserves. I have traveled in this region for almost 10 years, met the leaders there and learned some important lessons. One of the most critical, is that what may be truly significant is probably not obvious.

For the past 17 months, world attention has focused on the problem of the Palestinians who reside in the West Bank and in Gaza. I am concerned that the relentless repetition of street battles on the evening news is obscuring the less photogenic, but perhaps even more important new prospects for peace.

This preoccupation with the Intifada has prevented adequate public consideration of some potentially significant changes in the region—possibly profound changes in attitudes in Iraq, Syria, Saudi Arabia, and other Arab nations. Because the implications of these subtle, but significant changes in attitude can have a direct impact on the prospects for peace in the Mideast, but have been substantially unexplored, I would like to discuss my experiences with you.

My travels in the region and meetings with Arab leaders suggest to me the prospect of a recent shift in the Arab attitude on Israel's right to exist as well as a potential willingness to abandon the continuing state of war with Israel. President Sadat made the quantum leap with his visit to Jerusalem in 1977. The signing of the Camp David accord opened the door for a revolutionary change in Arab attitudes toward Israel once Egypt, the most powerful Arab nation, formally recognized and signed a peace treaty with Israel.

In my travels to Egypt, Jordan, Syria, Saudi Arabia, Iraq, Tunis, Morocco, Kuwait, Bahrain, the United Arab Emirates, and Oman, I have sensed a potentially significant shift in the Arab attitude toward Israel. For instance, when I visited Syria in 1984, ranking officials were antagonistic toward Israel, suspicious of the United States and cool to me. That attitude changed markedly 4 years later, when I visited Damacus in January 1988 and had an opportunity to meet for over 4½ hours with President Assad. The discussion this time was consistently candid and cordial, although occasionally contentious.

Perhaps President Assad's more conciliatory attitude may have stemmed from his Moscow meeting with General Secretary Gorbachev in the spring of 1987. Reportedly, the General Secretary insisted that Syria cool its hostility toward Israel. Perhaps Syria's economic problems are contributing to this new attitude; or perhaps it has something to do with the passage of time and Israel's continued strong presence. In any event, President Assad showed a very real interest in discussing Syrian/Israeli relations as well as Syrian/United States relations.

One year later, this past January, I found an even friendlier, even cordial President Assad. While he continued to express concern over Israel's alleged biblical aspirations to control territory from the Nile to the Euphrates, he appeared willing to accept the reality of Israel's presence and control of a more limited area. While tentative and conditional, President Assad talked of normalizing relations with Israel, although he continued to refer to Israel as the enemy. What I found particularly encouraging was that other, younger Syrian officials talked favorably about U.N. Resolutions 242 and 338 which recognize Israel's right to exist.

My visit to Iraq was delayed until January 1989, shortly after the Iran-Iraq war ended. Once again when I met in Baghdad with older diplomats, I found a hostile attitude toward Israel and the United States for supporting Israel.

However, in rather dramatic contrast, the younger generation of Iraqi diplomats expressed much different, less ideological sentiment regarding Israel and United States-Israeli relations. They expressed a keen interest in seeing the peace process move forward, and in considering U.N. Resolutions 242 and 338 recognizing Israel's right to exist.

Shortly after these meetings in Iraq last January, I flew to Cairo for discussions with President Mubarak. I raised the issue of Iraq's real attitude toward Israel out of a concern that my own impressions were in error. President Mubarak took pains to assure me that Iraq had abandoned its formerly hostile intentions toward Israel. I hope this represents a long-term shift in Iraqi policy rather than a short-term breather after their exhausting 8-year war with Iran; but only time will tell what Iraq's real interests are.

Further evidence of a changing mood came from my visits to Saudi Arabia in 1984 and 1989. In 1984 the Saudis were polite as always, but very cool toward Israel and totally noncommittal about using their influence to advance the peace process. This January key Saudi officials talked, albeit guardedly, of using Saudi financial influence to moderate Syrian and PLO behavior. I must say that is it difficult to analyze Saudi Arabia's role and intentions in the Middle East. But my meetings there suggest that the Saudi attitude is becoming less recalcitrant than it once was.

Although Saudi Arabia continues to provide substantial financial assistance to the PLO and Arab countries potentially hostile to Israel, they now concede Israel's right to exist, and they insist they are trying to act as a moderating influence in the region.

Are we to take all these assertions of Arab leaders at face value? Of course not. Their real attitudes have yet to be fully tested. But I do believe that we may be missing significant opportunities to advance the Mideast peace process by remaining preoccupied, indeed mesmerized, by the problems with the Intifada. It is a problem of some real significance for our society if the media causes us to focus one place while the real forces of history are moving some place else.

Let me move now to another related issue. The problems on the West Bank and in Gaza have regrettably opened the door to the PLO which materially complicates the Mideast peace process. I am firmly convinced that the United States should not pressure Israel to deal with the PLO because of the abundance of evidence that Arafat and the PLO are terrorists, absolutely unreliable and continue to have the goal of waging a war of destruction against Israel.

Israel alone must decide whether to deal with the PLO directly or indirectly. On an issue of survivial, a nation may confer, but it must not concede. Israel is obviously much closer to the situation; Israel can best judge if there has been a real change in PLO objectives; and only Israel can truly assess whether it should undertake the real risks in dealing with the PLO.

While all United States citizens and all people for that matter have a right to speak out as they choose, I suggest there is grave potential damage when leaders of the National Jewish Community or Congressmen and Congresswomen press too hard on telling Israel what to do. Of course, that is a matter of definition.

Last year I refused to sign a letter written by 30 of my U.S. Senate colleagues criticizing Prime Minister Shamir for refusing to trade land for peace. In my judgment, we are too far removed in both distance and danger to lecture or lean on the Israelis about the PLO.

The PLO's long, ugly record of terrorism is a well established part of the public record. The PLO planned the Olympic massacre in Munich in 1972, murdered our Ambassador and Chargé D'Affaires in the Sudan in 1974, and in 1985 was involved in the hijacking of the *Achille Lauro* and the murder of Mr. Leon Klinghoffer.

Arafat's pledge last December to forego terrorism virtually had to be wrung out of him. His reluctance was such that it took three tries before he could spit out the magic words. Accordingly, I give little credibility to his so-called pledge.

In a broader sense, it is simply wrong to assume that the Palestinian Liberation Organization has abandoned its longstanding goal of destroying Israel. In countless statements since last December, mostly in the Arab press, Yasser Arafat and his lieutenants have stated repeatedly that the PLO's latest initiatives are a part of a strategy to deceive the world and to liquidate Israel in stages.

As Abu Iyad, Arafat's deputy and the architect of the PLO's current strategy explains, the PLO has merely revived the "Phased Plan" adopted in Cairo in 1974. At a conference in Algiers in 1988, Arafat and Abu Iyad lined up the main PLO factions behind the concept of the gradual destruction of Israel—and the potential combination of diplomacy and thinly disguised terrorism to achieve that purpose.

Despite his pledge to refrain from terrorism, Arafat almost immediately threatened to kill the mayor of Bethlehem, who had the audacity to suggest an end to the bloodshed in the West Bank and Gaza. Soon after Mayor Freij, a christian Arab, proposed a truce, Arafat was quoted as saying: "Whoever thinks of stopping the Intifada before it achieves its goals, I will give him ten bullets in the chest."

Mayor Freij then withdrew his proposal. Last January 14 I met with Mayor Freij in his office in Bethlehem. We discussed the threat and his withdrawal of his truce proposal. From my discussion with Mayor Freij, there was no doubt in my mind that Arafat's threat caused Mayor Freij's change of position. Clearly terrorism is not only a PLO product for export. They are prepared to use it at home, and on their own people.

The Freij incident does not stand alone. In late December 1988, PLO affiliated terrorists attempted to infiltrate Israel from the northern border and by sea. Several were killed. During February of this year there were at least three separate attempts to infiltrate Israel by PLO affiliated terrorists armed with automatic rifles and grenades, rocket propelled grenades, pistols, a gun silencer, and wirecutters. These attempts were thwarted by Israeli Defense Forces. Last month, there were four similar attempts to infiltrate and attack targets within Israel. The attacks were made across Israel's borders with Lebanon, Jordan, and Egypt. This continuing escalation of violence refutes the PLO's stated intentions.

In view of the PLO's long record of terrorism and deceit, I believe that Secretary of State Schulz made a mistake in opening the dialog with Arafat and the PLO last December. That error was compounded by Secretary of State Baker's testimony before our Foreign Operations Committee this March when he said Israel should deal with the PLO if no other Palestinian representation emerged. I then asked Secretary Baker if that was an implied invitation to the PLO to terrorize other potential Palestinian representatives as they had Mayor Freij. He then

insisted that we should not close the door on the PLO.

I then asked if he would rule out the PLO if proof was forthcoming that they terrorized other Palestinians away from the bargaining table with the United States. Secretary Baker declined to answer that question stating it was hypothetical. Of course, he had initiated the hypotheticals by saying Israel should deal with the PLO if other Palestinian representatives did not emerge.

The recent visits of Prime Minister Shamir, President Mubarak, and King Hussein to Washington, DC, worked out reasonably well. I personally felt there was a bad start after the first of the meetings with President Mubarak when President Bush said Israel should withdraw its "occupation forces." But President Bush's statements after President Shamir's visit were positive supporting the Israel proposal for elections.

President Mubarak met with a group of Senators and seemed sincere in expressing his continued interest to bring other Arab nations into the Mideast peace process. Some of us pressed President Mubarak to meet personally with Prime Minister Shamir and to expand trade, cultural and diplomatic exchanges between Egypt and Israel to light a fire under the cold peace which has prevailed for a decade. While his words were ambiguous, the music was to the effect that President Mubarak would do so when the time was right.

From this meeting and others over the past several years, it seems to me that President Mubarak is more concerned with winning Egypt's reentry into the good graces of the Arab League than in expanding its relationship with Israel. In the long run, this Egyptian strategy may well be in the best interest of the United States, Israel, and the Mideast peace process. But, I continue to think that President Mubarak should be pressed to expand his role. Egypt is a nation with a long, proven history. It's role is critical. Speaking about the Arab nations, an Egyptian diplomat observed: "Egypt is the only real state in the Middle East. All the rest are tribes, with flags."

Prime Minister Shamir's proposal for elections in the administered territories was well received. When Mr. Shamir met with a group of Senators and Representatives, he seemed relaxed and confident. He appears determined to take the process one step at a time without making any concessions until he sees the whites of the Arab eyes in negotiations, and perhaps then in only very measured terms, depending on the specific reciprocal concessions and the attendant guarantees. Prime Minister Shamir repeated a comment which I had heard him make a year earlier in Jerusalem to the effect that others, rather than he, would be handling later rounds of negotiations with the Arabs. He seems totally dedicated to a slow, meticulous step-by-step approach which appears wise.

King Hussein's meeting with a group of U.S. Senators in Washington was marked by the same determination to succeed in the peace process which he has evidenced for many years. The only difference was that he seemed a little more drawn, a little more tired. When he spoke to us, he was entirely noncommittal on Israel's plans for elections. I was pleased to see King Hussein take a more positive tone in his final statement after meeting with President Bush the next day when he spoke encouragingly of the Israeli election plan provided it was part of an overall settlement approach.

There is obviously no quick fix in the Mideast. The real question is whether there is any fix at all.

Until last January, I had always felt that time was on Israel's side with each passing day, week, month, year, finding Israel stronger. Now, I am not so sure.

Israel's economy continues to have serious problems. In my trip to Jerusalem and Tel Aviv last January, I found more differences among the Israelis than ever before on fundamental questions about dealing with the Intifada, the PLO, the growing Arab population, and strong dissension within Israel's Government. Their razor thin elections and the continuing controversy between Likud and Labor, with the minor parties holding the balance of power, raise serious problems of national unity.

I am personally concerned about the future of the $3 billion annual allocation from the United States to Israel. While congressional support remains generally strong, the potential is present for erosion, especially given the deficit, U.S. budgetary constraints, and the relentless adverse media coverage. For the first time since I have been in the Senate, my view is that Israel's interests are not well served by maintaining the status quo. Rather than growing stronger, each passing day contains the very real risk of a potentially weaker Israeli position.

My own strongly felt view is that Israel must answer the tough issues for herself without undue pressure from the United States Government or the American or world Jewish community. It is uncertain how Prime Minister Shamir's proposals for elections will work out. Perhaps the stage is set for back channel negotiations between the Israeli Government and the PLO. Perhaps the current negotiations anticipate Palestinian interlocutors with close connections to, if not actual membership in, the PLO. That process must be evaluated and determined between the parties themselves.

The United States should continue to support Israel and do all within our power to implement the peace process. It may be that some form of international umbrella will be useful in bringing the parties together.

The Arab nations would like a formally structured international conference. Prime Minister Shamir appears to be willing to have a meeting convened by the United States and U.S.S.R. providing it does not result in the dictation of terms or pressure. The Soviet Union has shown some willingness to be helpful although Soviet motives are far from clear. Foreign Minister Shevardnadze's meetings with Foreign Minister Moshe Arens were constructive, but diminished by Shevardnadze's postmeeting comments.

The continuing worldwide rapproachment between the United States and the Soviet Union bodes well for the Mideast peace process. Slowly but surely agreements are being hammered out in Afghanistan, Angola, and Cambodia. Perhaps a breakthrough is imminent in Nicaragua. Whatever agreements the United States and U.S.S.R. may make, enormous problems remain in civil strife in all of the affected areas.

The United States should continue to urge the U.S.S.R. to defuse the Mideast situation by withdrawing or diminishing Soviet aid to the PLO or Syria.

It may be that the United States and Soviet Union should encourage a Mideast peace settlement with guarantees, perhaps even backed by the United Nations, to enforce the terms of a peace treaty. Such a possibility would have to be carefully evaluated by all sides, especially the Israelis, to be certain no Trojan horses erupted. The experience of guarantees on peace treaties historically demonstrates the questionable nature of such assurances. Those newsreels of our helicopters lifting off from the American Embassy on the last days of Saigon are seared into the memory of many Israelis. And a generation earlier in the World War II era, guarantees and mutual defense treaties proved to be meaningless. Some carefully crafted guarantees, however, might be of some assistance in formally committing the Soviet Union not to support potential agression by any Mideast Arab factions against Israel.

For the immediate future, however, Israel's only course is to remain strong and self-reliant. A strong, united Israel offers the best hope for peace and stability in the Mideast. The United States should continue to support Israel with aid, assistance, and perhaps suggestions but without undue influence.

As I conclude, I return to two words which stung me so deeply, "occupation forces." If Israel is accused of occupy-

ing anything, it is not and must not be territory. It must occupy only that special place in the conscience of mankind which David Ben-Gurion envisioned when he called Israel "a light unto the nations." Every day, far away Israelis look deep into their souls and down the barrel of terrorist guns to address the issue of survival as a nation. We must remain steady in our support and fast in our determination to encourage anyone, Arab or Israeli, whose good faith goal is a just peace. Israel will endure—this Nation, rising from the ashes of the Holocaust, must leave nothing to chance and takes nothing for granted, nor should we.

The time will come, soon I hope, when great risks will be run to attain a lasting peace—Israel will be ready—so must we.

CONVICTION OF MOHAMMAD HAMADEI

Mr. SPECTER. Mr. President, recently I addressed the Senate on the occasion of the conviction of Lebanese terrorist Fawaz Yunis in Federal district court. Today, I take this opportunity to call to the attention of my colleagues another important development in the battle against international terrorism. On May 17, a West German court convicted Mohammad Ali Hamadei of murder and air piracy and sentenced him to life imprisonment. The conviction of Hamadei, like the conviction of Yunis before it, sends an important message to terrorists around the world about the determination of the civilized world to root out and punish terrorist acts.

The facts of the Hamadei case shock the conscience. On June 14, 1985, Trans World Airline flight 847 departed Athens International Airport enroute to Rome, Italy with 153 passengers and crew on board, most of them Americans. Approximately 10 minutes into the flight, two hijackers, later identified as Mohammad Hamadei and Hasan 'Izz-al-din, commandeered the aircraft and ran through the plane brandishing hand grenades and a pistol while randomly striking the seated passengers on the head, neck, and shoulders with their weapons. The hijackers forced chief stewardess Uli Derickson to the flight deck area and gained access to the cockpit. The hijackers then pistol-whipped the flight crew inside the cockpit and ordered the pilot to fly to Algiers. The aircraft ultimately flew between Beirut and Algiers several times during the next 2 days while the hijackers retained control of the plane.

Once in control of the aircraft, the hijackers ordered Derickson to collect all passports and separate those of U.S. citizens and military personnel. The terrorists then ordered the military personnel into the first-class section one at a time for questioning, beginning with Navy diver Robert Stethem. The hijackers bound his arms together with an electrical cord, cutting off his circulation, and beat him until he was unconscious. Several other passengers were also beaten. Stethem regained consciousness, only to be shot in the head in cold blood. The hijackers dumped his body onto the tarmac in Beirut before several more hijackers boarded the plane for its flight back to Algiers.

The terrorists eventually abandoned the plane after its final landing in Beirut. Thirty-nine passengers were removed from the aircraft and held hostage in various locations in Beirut for 17 additional days before they finally were freed on June 30, 1985.

Hamadei, a Lebanese Shiite Muslim, was arrested in Frankfurt, West Germany. A number of the Members of this body, including this Senator, believe that the West Germans should have extradited Hamadei to the United States to stand trial in Federal district court, but that did not come to pass. While I regret the West German decision not to honor our extradition request, I commend the Germans for bringing this terrorist to justice and I applaud the West German court for imposing the maximum sentence of life imprisonment upon Hamadei.

Mr. President, the Mohammad Hamadei case has significant ramifications for our ongoing efforts to thwart terrorism. At my urging, the 99th Congress passed the Terrorist Prosecution Act, a law extending the reach of American criminal jurisdiction to extraterritorial acts of violence against American nationals (P.L. 99-399, title XII, codified at 18 U.S.C. 2331). Because of the ex post facto clause of the Constitution, Mohammad Hamadei could not have been prosecuted for his 1985 terrorist acts under this 1986 criminal statute. Had he been extradited, Hamadei would have faced other charges. Nonetheless, there is now a more complete set of criminal statutes designed to safeguard Americans overseas by deterring those who would contemplate violence against American nationals.

There is another important lesson to be learned from the Hamadei and Yunis cases. The time is ripe for the United States to enter into multilateral treaty negotiations to define terrorism as an international crime and to establish an international forum in which such offenses may be prosecuted. The West German Government came under tremendous pressure to reject the American request for extradition of Hamadei. West German citizens were even taken hostage in the Middle East during this period. The German Government decided to try Hamadei itself, but it would not have been faced with this difficult choice had there been an international forum to which Hamadei could be extradited.

In 1986, the Congress adopted my amendment to the Omnibus Diplomatic Security and Antiterrorist Act calling on the President to pursue negotiations to establish an international court to try terrorists. I also authored section 4108 of the Omnibus Anti-Drug Abuse Act of 1988 which calls upon the President to pursue negotiations to establish an international court with jurisdiction over international drug trafficking and other violations of international criminal law.

I am pleased that this particular case has reached a satisfactory conclusion, but the effort to bring such international outlaws to justice must be institutionalized. My discussions with a variety of foreign leaders persuade me that the civilized international community is prepared to speak with one voice to condemn terrorism. The creation of an international criminal court with jurisdiction over terrorism, hijacking, crimes against humanity, and international drug trafficking would be an eloquent expression of that condemnation.

For today, I commend Judge Heiner Mueckenberger and the West German criminal justice system for convicting Mohammad Hamadei and imposing the maximum sentence of life imprisonment. For tomorrow, I pledge to continue my efforts to bring the force of international law to bear upon the scourge of international terrorism and urge my colleagues to join me in this effort.

AN ENLIGHTENING EXPEDITION

Mr. PRESSLER. Mr. President, I rise to pay tribute to a group of fine South Dakota students who are visiting Washington this week in order to gain a better understanding of our political process. They come under the tutelage of two of South Dakota's great educators, Dr. W.O. Farber and Dr. Loren Carlson, both of the University of South Dakota.

I must confess at the outset a particular fondness for these two professors. Both taught me while I attended the University of South Dakota. They continue to inspire our State's most talented youth toward greater goals—constantly encouraging them to reach beyond any conventional bounds. In addition, Dr. Carlson was my first administrative assistant when I came to Congress in 1974. In addition, both are valued friends and trusted confidants.

They have been jointly conducting this tour for a number of years—to the point where it has now become an annual, institutionalized event. This year they have brought with them a particularly talented "crop" of students. I visited with them this afternoon. My wife Harriet and I have the honor of hosting them in our home this evening. And tomorrow we will

host a reception for the group in my Washington office, which is designed to give other South Dakotans living in Washington a chance to meet this talented group of individuals.

Mr. President, this seems a fitting opportunity to bring to the Senate's attention an article recently written about Dr. Farber. As you can see, he has an impressive following of highly successful former students who he has developed since their college days. He is truly a South Dakota institution, and I am honored to call him my friend.

Mr. President, I ask unanimous consent that an article by Mr. Jeff Iseminger from the Wisconsin Alumni magazine be printed in the RECORD at this point, followed by a list of the talented students these two terrific professors brought to Washington this year.

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

ICONOCLAST OF THE IVORY TOWER

(By Jeff Iseminger)

On a fine summer evening, when the prairie light slants through the arching elms, you can see him sitting there in the campus garden, under the arbor, looking like the kind of complacent man that he isn't.

He's short, about five-foot-six, but so exuberant and compelling that you feel, in a way, that you're looking up to him.

He's an eclectic dresser, this evening in a mix of checked shirt, bolo tie, and walking hat, but he once had tea in the private chambers of the House of Lords.

He's seventy-eight years old, but age—instead of dimming his ability—has ripened him into a lively sage, a reservoir of acumen. He's full of banter and bluff, but underneath lie burning ambitions.

This garden visitor is sitting in the heart of the University of South Dakota in Vermillion, where he's taught since 1935, when he earned his Ph.D. at Wisconsin. His name is William O. Farber, USD professor emeritus of political science, and he's a man who has shaped his life to suit his vision.

That vision is spangled with iconoclastic surprises. Here's a professor who considers an ivory tower a gilded prison . . . who drives a student 240 miles for a job interview . . . who takes students abroad—at his own expense—to show them that the American way is but one hue on the human palette.

The student whom Farber drove to an interview did get the job, by the way. He signed on at KMT-TV in Omaha in 1962 and rose rapidly. You've watched him anchor NBC's Nightly News: Tom Brokaw.

"Dr. Farber is one of the brightest, most enthusiastic, most curious friends I have," said Brokaw, "and from him I've learned that life isn't meant to be a passive experience. He charges through every day giving off energy, ideas and inspiration to everyone in his wake."

Farber has followed his own advice to students: "The important thing is to do what you want to do." In his fifty-three-year career he's marshalled his formidable talents for the sake of his students and the common good—an almost quaint notion when public discourse has been dancing to the whip-crack of private prosperity.

Farber's two aims for over-achievement—to make students his family and the nation and the world his community—were sparked as a graduate student at the UW-Madison. Here he joined the political science program in 1933 after earning two degrees at Northwestern University. "It was a time of ferment," he said. "People thought more broadly then about alternatives, and minds were bold. It wasn't the incrementalist approach so common today."

He says he studied under "great professors" at Madison, like Grayson Kirk (later president of Columbia University), Frederick A. Ogg (editor of the American Political Science Review), Llewellyn Pfankuchen, Walter Sharp, John Gaus, and Harold Groves. And his teachers taught in more than classrooms. They invited Farber and other students into their homes, where they could socialize and free themselves intellectually from classrooms and curricula.

When Farber left Wisconsin with his doctorate to teach at the University of South Dakota, he opened his doors as wide as those he had entered in Madison. He arrived in Vermillion with a potent concept of the Wisconsin Idea, the tenet that a university's campus is its state and beyond. And he transplanted that idea to South Dakota, where he not only kept it alive but made it thrive for the thirty-eight years he was to chair USD's department of government.

South Dakota Governor George Mickelson calls Farber one of the state's greatest resources because of his experience and "passion for his own continuing education in government." The state's largest newspaper, the Sioux Falls Argus-Leader, recognized Farber last spring when it named him one of the ninety-nine most influential people in South Dakota's ninety-nine years of statehood.

Farber's concept of public service has spanned the spectrum from municipal to global. In Vermillion he chaired the city planning commission for ten years, and in Congress he advised South Dakota Senator Karl Mundt. In the North Atlantic Treaty Organization, as Mundt's aide, he was secretary of the Committee on Education, Cultural Affairs and Information, where he proposed a seminar in public administration for NATO officials later conducted in Bruges, Belgium.

All the while, Farber wrote a spate of articles (beginning in 1934 on chain store taxation) and worked tirelessly as a charter member of the American Society of Public Administration. In 1983 he was inducted as an honorary member into the National Academy of Public Administration, joining a group of nineteen that includes former Supreme Court Chief Justice Warren Burger and former Secretary of Defense and World Bank President Robert McNamara.

But where were Farber's students in this welter of public service? At the very center, just where their professor wanted them.

"Bill Farber has produced an unusually large number of students who've gone on to become outstanding political scientists," said Leon Epstein, professor emeritus of political science at the UW. Among Farber's may proteges are Kenneth Meier and Charles Jones, who earned advanced degrees at Madison and now serve on our political science faculty. This means a lot to Farber. "They're returning what was given to me," he said.

At USD Farber pulled Meier out of a class of 250 students for a personal talk and gave him a research job. He saw promise in Charles Jones too, but that presented a problem. Farber had to pick the department's top junior in 1953 for a twenty-five dollar award, but there were two excellent candidates: Jones and Sam Patterson. "So I dug into my own pocket for another twenty-five dollars and gave the award to both of them, one of the smartest things I ever did," Farber said.

Both Jones and Patterson, who teaches at Ohio State University, became distinguished political scientists, each chosen at different times as editor of the *American Political Science Review.* Two more of the Farber veterans in academic are Michael Rukstad, associate professor in Harvard's Graduate School of Business Administration, and Robert Legvold, director of the Harriman Institute for Advanced Study of the Soviet Union of Columbia University.

Other USD students who felt Farber's influence are Phil Odeen MS'59, former assistant to Henry Kissinger in the National Security Council; Joe Robbie, owner of the Miami Dolphins football team; South Dakota Congressman Tim Johnson; and CBS sportscaster Pat O'Brien.

O'Brien said he was "on the verge of juvenile delinquency" as a USD freshman. "I had no real goals, like lots of kids in the '60s." Then Farber asked O'Brien to drop by his house, and two hours later he was a political science major. Farber invited O'Brien as a junior to accompany him on a trip to NATO countries and the Soviet Union. "He told me all I had to do was carry his bags and learn something," said O'Brien.

On another European trip Farber took Kevin Schieffer, now an assistant to U.S. Senator Larry Pressler of South Dakota. When they visited the House of Lords in London, he sent in a note to a friend from his NATO days, Lady Elliot, the Baroness of Harwood. "Lady Elliot answered through a liveried messenger that she'd be delighted to have tea with us. She did—with Kevin in blue jeans—and he's never forgotten it," Farber chuckled.

Schieffer's boss, Senator Pressler, is one of four Rhodes scholars to major under Farber—a phenomenal number, especially for a teacher at a school with 5,500 students. Since a Rhodes Scholar must show wide-ranging interests, Pressler says USD political science students had an edge in the competition: Dr. Farber. He wanted students to piece together "the big picture," so he helped them land internships and summer jobs in Congress, the State Department and NASA, for example.

Farber often tried to ratchet up his students' goals so they could gain more influence and do more good. He's been called "a down-to-earth guy who makes you want to reach for the stars" by Allen Neuharth, who studied under Farber before switching to journalism at USD. Neuharth reached high himself: today he's founder and chairman of *USA Today* and chairman of Gannett, the nation's largest newspaper company.

Farber put extra zip in his students by redrawing the usual parameters of his profession: "The teacher's role today is not primarily to provide information—students can get that through a variety of media—but to stimulate. I try to be a motivator, a counselor, even a placement officer. And I try to teach by example."

In the classroom Farber recorded his lectures and placed copies on library reserve. Freed from note-taking, students could consider the day's topic and speak their minds as Farber bounced on the balls of his feet, gestured with sweeping arms and jabbing fingers, and talked and laughed in a boom-

ing crescendo. Like a leprechaun in a business suit, one student said.

The doors to Farber's office and his home across from campus were wide open and widely used by students seeking advice or just a sympathetic ear. He paid attention to their hopes and fears and confusions because he believed that each of them needed one thing above all: recognition as an individual.

Farber traces his counseling style to the ten years he clerked in his family's grocery store in Geneseo, Illinois, during the 1920s and '30s. "In those days the clerks would fill the requests of customers as they came in," Farber explained. So he asked himself: What can I get Mrs. Peterson to put on her list that isn't on it now? As a professor, Farber saw Mrs. Peterson in each of his students. He widened their intellectual swath by suggesting new options for a term paper, a semester, or a life.

Many former students of Farber's would agree with UW professor Charles Jones when he says Farber is "an extraordinary man." And extraordinary is the way they've honored him since his retirement in 1976, pouring $300,000 into what's called the Farber Internship and Travel Fund. Created to give USD students the experiences they miss in the classroom cloister, the fund supports internships, trips to conferences, and guest lectures.

Farber's "retirement" was simply a segue into teaching less, traveling more, and making just as large a wake. A typical two-day slice of Farber's life last summer showed him saying farewell to a recent USD graduate, sifting through correspondence, upgrading his computer, tipping off a newspaper editor about a colleague's work, giving a visitor a tour of campus in 100-degree heat ("It's invigorating!" he said with a smile), driving 250 miles to "help a student in a bit of trouble" and . . . sitting under the arbor in the campus garden.

In that rare moment of repose, Farber muses sometimes about the world's great problems and what can be done to meet them boldly and bare knuckled, without an increment in sight. He also wonders about the image that young people have today of public service, and whether he can do something new, maybe tomorrow, to give it a boost. No doubt he will.

WASHINGTON STUDY TOUR

Jama Erstad, 134 Beede Hall, USD or Box 86, Badger, SD 57214.

Robert Friedenbach, 206 E. 15th St., Yankton, SD 57078.

Sharen Harms, 1206 Crestview, Vermillion, SD 57069.

Reed Haug, HCR 83, Box 34, Hermosa, SD 57744.

Beth Holmes, 37 S. Pine, Vermillion, SD 57069.

Michael Gillis, 308 E. 4th Ave., Mitchell, SD 57301.

Melanie Knoepfle, 139 Beede, USD or R.R. 1, Box 118, Artas, SD 57423.

Ryker Lammers, 327 N. Pine, Vermillion, SD 57069 or Rt. 2, Lake Madison, Madison, SD 57042.

Doug Moeller, 116 Richardson Hall, USD.

Steve Ness, 327 N. Pine, Vermillion, SD 57069.

David Page, 1856 Madison, Vermillion, SD 57069 or 708 West Brookings, Sioux Falls, SD 57104.

Kelly Shattuck, 220 Spruce St., Apt. C7, Vermillion, SD 57069.

Michael J. Simpson, 327 N. Pine, Vermillion, SD 57069 or Box 19, Hamill, SD 57534.

John S. Slaba, 327 N. Pine, Vermillion, SD 57069.

Kenneth Tauke, 425 Adams St., Vermillion, SD 57069.

Brock Wolff, 515 Poplar, Vermillion, SD 57069.

Loren M. Carlson, 229 Catalina, Vermillion, SD 57069.

W.O. Farber, 413 E. Clark, Vermillion, SD 57069.

COMMUNITY LEADERSHIP

Mr. PRESSLER. Mr. President, we hear a great deal of talk from politicians these days on the subject of economic development. But often, the most important ingredient for economic development is frequently a quiet, unheralded force in the community. Noel Hamiel, the former publisher of the Yankton Daily Press and Dakotan, was such a force. He has now left our State, sadly enough. He has moved to Grand Island, NE, where I understand he will join the paper there. South Dakota's loss is Nebraska's gain. But at least his departure allows the opportunity to appropriately credit him for the tremendous contribution he made to Yankton and to our entire State before he left.

Many years ago in 1974, when I first came into politics, there were three or four divergent groups in Yankton—as is the case with many communities. If one were to work on economic development, it was very difficult to get all these groups together. Since that time, they have come together for the most part. They are working together now. Part of that reason is because of the leadership provided by Noel Hamiel. As editor and publisher of the Press and Dakotan, Noel really worked at bringing the community together. Too often the local press forgets its public interest role in the rush to sell newspapers or advertising. Mr. Hamiel used the paper to accomplish things for the community—and he accomplished a great deal.

I was involved in a minimum security prison project for Yankton. The local paper could have criticized it, it could have gone out of its way to stir up controversy to sell newspapers. It could have done a lot of things. Too often, in my view, that is what happens. I am not suggesting that the media should not report controversy. Indeed, the prison proposal was controversial and was reported as such. It is the media's duty to report controversy. But too often the media creates controversy. In the example of the prison proposal, the Press and Dakotan reported the facts accurately, gave everyone the opportunity to air their views and then provided very thoughtful, credible editorial leadership. This is unlike certain other newspapers that care more about sensationalized headlines than actually accomplishing something for the community they serve.

Today the prison is heralded as a great success for Yankton. As one who has worked on a number of similar projects and has had extensive experience in this area, I feel confident in saying that it could not have happened without Noel Hamiel's professionalism and leadership. Such a proposal probably would not have been successful, for example, in the largest city in my State, where circulation figures and headlines seem to be more important than the community.

Another example of Mr. Hamiel's leadership was the Riverside Park project, which we just dedicated last month. This new recreation facility is going to provide tremendous opportunities for Yankton. Again, Noel Hamiel and the Press and Dakotan were instrumental in making it happen.

He also spearheaded the Territorial Capitol replica project through the Sertoma organization. It now stands in the new park as a centerpiece of Yankton's proud history in our State's development.

Noel Hamiel was an ingredient for economic development in our State. Yankton is on a good path. There are many other people in Yankton who deserve credit. But I want to take this opportunity to pay credit to Noel Hamiel. We are in his debt and we shall miss him. Grand Island is a fortunate city.

NORWEGIAN INDEPENDENCE

Mr. BURDICK. Mr. President, May 17, 1989 is an important date in the history of the free world. It marks the 175th anniversary of the signing of Norway's Constitution. I ask my colleagues in the Senate to join me in congratulating the Norwegian people on this historic day as they celebrate Syttende Mai.

The United States and Norway have always enjoyed cordial relations. There are currently nearly 4 million Americans of Norwegian descent living in this country. My State of North Dakota has been referred to as the most Norwegian of all of the States. The Norwegians were the largest of the many ethnic groups that settled in North Dakota. Approximately 30 percent of our current populationse go is of Norwegian ethnic background, enjoying lefse and lutefisk and using Uffda and other Norwegian expressions.

Because of the special ties that bind many of the citizens of North Dakota to Norway, the 51st Legislative Assembly of the State of North Dakota passed Senate Concurrent Resolution 4072. This resolution, introduced by Senator Evan Lipps of Bismarck, congratulates the people of Norway on the 175th anniversary of Norway's Constitution. I ask the consent of the Senate to have this resolution printed

in the CONGRESSIONAL RECORD following my remarks.

The year 1814 was a year of great uncertainty in the world. On this side of the Altantic Ocean, the United States was embroiled with England in the long, bitter War of 1812. In Europe there was great upheaval and turmoil because of the Napoleonic wars. Norway had been in union with Denmark for 434 years. Sweden had fostered plans to disperse this union and develop closer ties between Sweden and Norway. Following the defeat of Napoleon's army at Leipzig, Denmark was forced to renounce Norway to Sweden in the Treaty of Kiel, signed January 14, 1814.

Norway was not willing to be pawned off as a piece of land by the victors. It was determined to have its own constitution and a voice in its own destiny. On February 25, the Norwegian people were called to assemble in their churches where they took an oath to maintain their independence of their country, and if necessary, give their life. On the same day, 112 delegates were chosen for a constitutional convention. It is noteworthy that 53 of the 112 delegates were farmers and small businessmen. The delegates met at Eidsvoll, Norway, and completed their work in just 10 days. The new constitution was unanimously approved and signed on May 17, 1814. Norway had become a sovereign state and an equal partner in the union with Sweden, which lasted until 1905.

Norwegian research has established that this historic document was inspired, inter alia, by our Declaration of Independence and by our Constitution. Prof. Knut Mykland, writes that many constitutions were developed between 1770 and 1814, but only two survived—the Constitutions of Norway and the United States.

Syttende Mai is observed in Norway much like we observe the Fourth of July in the United States. In earlier days the Syttende Mai celebrations in Norway often centered around large political demonstrations directed against foreign domination and control. Today the emphasis centers around the family and especially the children, with parades, games, folk dances and other cultural events. The students of the University of Oslo celebrate around the statue of Abraham Lincoln in Frogner Park. The people of North Dakota presented this statue as a gift to the people of Norway in 1914, in commemoration of Norway's centennial.

On this day 75 years ago, North Dakota Gov. Louis B. Hanna wished the Norwegian people Godspeed and prayed that in the years to come Norway's star might grow even brighter. It is gratifying to observe that Norway's star continues to shine brighter than ever.

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

SENATE CONCURRENT RESOLUTION No. 4072

Whereas, Syttende Mai, May 17, is Norwegian Independence Day; and

Whereas, on May 17, 1989, Norway will celebrate the 175th Anniversary of its Constitution, and on November 2, 1989, the state of North Dakota will celebrate the 100th Anniversary of its admission as the 39th state of the United States of America; and

Whereas, relations between Norway and the United States are based on a solid foundation of extensive family ties, many common interests, and a strong dedication to common values, including open and democratic government, respect for human rights, independence and self-determination, and a dedication to peace among all nations of the world; and

Whereas, special ties exist between North Dakota and Norway because thousands of Norwegian immigrants were important in the development of North Dakota, including Nelson E. Nelson who came to America from Norway in 1849 and in 1869 established the first homestead on land that in 1889 became part of the state of North Dakota, and because approximately one-third of North Dakota's present population has a Norwegian ethnic background; Now, therefore, be it

Resolved by the Senate of North Dakota, the House of Representatives concurring therein:

That the Fifty-first Legislative Assembly extends its congratulations to the people of Norway on the 175th Anniversary of the Constitution of Norway and requests the Governor to transmit to Norwegian Ambassador Kjell Eliassen and Consul General Bjarne Grindem a message congratulating the people of Norway on May 17, 1989, the 175th Anniversary of the Constitution of Norway; and be it further

Resolved, That the Fifty-first Legislative Assembly urges the Governor to extend to Ambassador Kjell Eliassen and Consul General Bjarne Grindem an invitation to the people of Norway to participate in events celebrating the 100th Anniversary of North Dakota's statehood; and be it further

Resolved, That the Secretary of State forward copies of this resolution to the Governor for transmittal to Ambassador Kjell Eliassen and Consul General Bjarne Grindem.

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, the time for morning business has expired.

FAIR LABOR STANDARDS AMENDMENTS FOR 1989—CONFERENCE REPORT

The PRESIDENT pro tempore. The Chair lays before the Senate the conference report on H.R. 2, which the clerk will report.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2) to amend the Fair Labor Standards Act of 1938 to restore the minimum wage to a fair and equitable rate, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDENT pro tempore. Without objection the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of May 8, 1989.)

The PRESIDENT pro tempore. Under the order, the time of 1 hour and 15 minutes is under the control of Mr. HATCH. Forty-five minutes is under the control of Mr. KENNEDY. Thirty minutes is under the control of the majority leader.

Mr. WIRTH. Mr. President, I note the absence of a quorum and ask that the call of the quorum be equally charged against all of the parties to whom time has been allocated.

The PRESIDENT pro tempore. Without objection, it is so ordered. The time will be so charged. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. KENNEDY. Mr. President, how much time remains?

The PRESIDENT pro tempore. The Senator has control of 45 minutes. Mr. MITCHELL has control of 30 minutes. Mr. HATCH has control of 1 hour 15 minutes.

Mr. KENNEDY. I yield myself such time as I might use.

The PRESIDENT pro tempore. The Senator is recognized.

Mr. KENNEDY. Mr. President, today the Senate will consider and vote on whether to adopt the conference report accompanying H.R. 2, the Fair Labor Standards Act Amendments of 1989.

We have had extensive deliberations on this minimum wage legislation on the Senate floor. During this debate, we have debated all the arguments surrounding the minimum wage, and it has been a good debate.

But the fundamental issue, the overriding issue, is whether the Congress of the United States will once again make the minimum wage a living wage, and thereby ease the burden of poverty pressing down on millions of our fellow citizens on the lowest rung of the economic ladder.

Both Houses in this Congress have answered that question with a resounding yes, and today we will vote on adopting the conference agreement embodying our consensus.

I believe the conference report before us is a sound agreement, carefully balancing the positions represented in the bills adopted by each

Chamber. During Senate consideration of the minimum wage bill, 12 amendments were adopted. Six of those 12 amendments are contained in the conference agreement, and 5 of those 6 are amendments offered by members from the other side of the aisle.

Of the six Senate amendments dropped in the conference, four were in the exclusive jurisdiction of the House Committee on Ways and Means, and their conferees were unalterably opposed to these additions.

What the conference report proposes is an 8-year overdue increase in the minimum wage. It will go from its present level of $3.35 an hour, to $3.85 on October 1, to $4.25 in 1990, to $4.55 in 1991.

The bill also contains a major concession to the White House—a training wage for inexperienced workers. Its provisions are nearly identical to the training wage adopted by the Senate last month. With this training wage, the Congress, for the first time in the 50 year history of the minimum wage, will be establishing a two-tier minimum wage, under which inexperienced workers can be paid a lower wage for up to 60 days while receiving on-the-job training.

This legislation will significantly improve the lives of millions of low-wage workers. Some 14 million persons will benefit from this bill. Two-thirds are women; 72 percent are adults; almost half are full-time workers; 3.8 million are heads of households; and over 4.5 million workers and their children who live in poverty will be helped.

But this bill is not about numbers. It is about people—hardworking people who would rather work for a living than live on welfare, people who want to make ends meet, provide for their families and for their children's future. It is about how we as a nation value human labor, and whether there is to be some semblence of dignity in even the most thankless jobs in our society.

The President has said that if we send him this bill, he will veto it. The President claims that he has compromised already, that he has come 70 percent of the way toward our position by favoring an increase in the level of the minimum wage to $4.25 an hour.

But with whom has the President compromised? Possibly with himself, but certainly not with Congress, for he has never once even talked with us about the minimum wage. He has only talked at us.

All through last year's campaign, the President repeatedly reassured the Nation that he was in favor of an increase in the minimum wage. So his position then was not $3.35 an hour. And we believed him.

This spring, President Bush finally told us in dollars and cents the specific increase he favored: $4.25 an hour over 3 years, no further discussion, take it or leave it.

When Secretary of Labor Dole testified on March 3 before the Senate Labor and Human Resources Committee and presented the administration position, she requested four changes in current law.

First, the administration requested an increase in the tip credit provision, from 40 to 50 percent. Despite our misgivings over the impact on these employees, Congress accepted that request, and it is included in the conference report before us.

Second, the administration asked for an increase in the small business threshold before firms are covered by the minimum wage. We had included a smaller threshold in the bill we introduced, but we expanded this provision to accede to the administration's request.

Third, the administration asked for a level of only $4.25 an hour, over 3 years. That was rejected by the committee and by both the House and Senate as unfair. On the Senate floor, however, we went part way to administration's position. We reduced the level in our bill to $4.55 an hour, from the $4.65 reported by the committee.

Fourth, the administration asked for a training wage. In her testimony before the committee, Secretary Dole spoke of the concerns we share about training today's workers for tomorrow's jobs, and she outlined her justification for the administration's training wage proposal. As she stated:

> Most of us can remember from our own early experience with a new job how much of the basics we had to learn. Not only skills specific to any new job, but basics about showing up on time, taking no more than 10 minutes if we had a 10 minute break, showing good faith with coworkers and a good face with customers. Simple things, yes, but not automatic. They have to be learned.

I agree that showing up on time, limiting breaks, working with others, and dealing with customers are important attributes of any job. I would go further, and suggest that if America is going to regain its competitive edge, our workers need to be learning a lot more than these skills.

But these basic skills are learned in your first job, or your first few jobs. Yet, to learn how to smile and show up on time, the administration is proposing a so-called training wage of 6 months duration. Six months of subminimum subpoverty pay to learn lessons like that.

The administration's proposal is not limited to a total of 6 months subminimum pay. If you change jobs, if you are laid off, if your company moves or goes out of business, you go back to "Go" and start your 6-month training wage clock again.

No mention of training, no requirement of training, just less pay whenever you switch jobs, for whatever reason.

Let us apply this so-called training wage to the low-wage work force. By their very nature, many of these jobs turn over more rapidly than every 6 months. Restaurant workers, fast food workers, retail workers, and food store workers all work in jobs which turn over in less than 6 months.

Almost 17 million workers would be eligible for the Bush subminimum wage. 13.8 million of them are adults; 12 million are full-time workers; and almost 10 million are women.

According to a report released by the Urban Institute, among low-wage workers who would be affected by the administration's proposal, over 40 percent would get the subminimum wage instead of the higher minimum wage. That is 5½ million workers who would get no increase for the first 2 years of the bill because they will never escape from the 6-month sentence of the training wage.

The pockmarked prosperity of the 1980's has been harsh on millions of Americans, but it has been harshest of all on the lowest wage workers.

For 8 years, the Reagan administration stonewalled any increase at all in the minimum wage. Inflation increased from 1981 to 1989 by 40 percent but the wages of 3 million food store workers increased only 5.6 percent; the wages of 640,000 gas station workers increased only 24 percent; the wages of 6 million restaurant workers increased only 20 percent; and the wages of 20 million retail workers increased only 25 percent.

While the wages of those 3 million food store workers were being ravaged by inflation, the compensation of food store CEO's skyrocketed. Giant Food employees received a 5.6-percent increase in pay, but Giant's CEO received a fivefold increase, from $601,000 to $3.4 million.

Burger King employees received a 20-percent increase, yet Burger King's CEO received a threefold increase from $515,000 to $1.4 million.

K-Mart employees received a 25-percent increase, while K-Mart's CEO received a 95-percent from $506,000 to $989,000.

While Disneyland workers were receiving Mickey Mouse pay increases, the Disney CEO went from $450,000 to $7.5 million.

Yet the Bush administration is telling us that the sky will fall if we pay low wage workers a living wage. And as we all know, no one fears more for the future of the country than a well-paid executive being required to do right by his low-paid employees.

And, to add insult to injury, what does the administration say to workers in jobs which last less than 6 months?

Kinder and gentler does not mean you—you do not deserve any increase in pay at all.

For you, under the Bush subminimum wage, you will not get an increase this year. You will not get an increase next year. And in the third year, 1992, 11 years after the last increase in the minimum wage, we will give an increase in pay of one nickel.

In 1992, the subminimum wage for any employee who has started a job or switched jobs in the last 6 months, will rise from $3.35 an hour to the grand total of $3.40 an hour—an increase of one nickel.

One nickel is all that President Bush is proposing for the 5½ million workers condemned to the Bush subminimum wage.

Wait 11 years for an increase in the minimum wage, they are told, and then be grateful for the nickel extra an hour they will receive. "Let Them Eat Cake' is the message from the White House. I suggest that everyone concerned about the unfairness of the President's training wage mail a nickel to the White House; it will cost 25 cents more to mail. But it is a message that the President may finally understand.

"Mr. President, we do not want your wooden nickel; we want a fair day's pay for a full day's work." No one is fooled by the administration's subminimum wage. In all likelihood, it was specifically designed to ensure that large numbers of workers, who deserve an increase in the minimum wage, will never get any increase at all.

The administration's proposal is a sham. I urge my colleagues to pass this legislation and send it to the White House and override the President's veto, if he goes through with his threat.

Fifty years ago, a depression-era Congress enacted the minimum wage as a simple understandable promise to the American people. If you work for a living, you will not have to live in poverty. In the half century since then, Presidents of both parties, Republicans and Democrats alike, have kept that promise and raised the minimum wage. I hope that President Bush will continue this long tradition of bipartisan cooperation in maintaining an adequate wage for America's lowest paid workers, and I urge the Senate to approve this essential legislation.

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

Mr. HATCH addressed the Chair.

The PRESIDENT pro tempore. The Senator from Utah.

Mr. HATCH. Mr. President, I have listened with a great deal of interest to the remarks of my distinguished friend from Massachusetts. I see no reason to unreasonably delay the business before us. I think it is important, however, that I reiterate a few points before moving forward, so there will be no misunderstanding about the dark side of this legislation.

Despite my own reservation about any increase in the minimum wage, I supported the President's position to increase the minimum wage, because I thought it was a fair position and was a genuine effort to reach a compromise on the minimum wage issue. Congress does need to move on to more important issues, such as how to deliver skills and needed training for a dynamic work force, which should be preparing for the dynamics and the challenges of the new century about to come upon us.

Those of us who supported the administration's position did so because we were not blind to the tragedy we would bring into the lives of people who would lose jobs and job opportunities, if the minimum wage is increased across the board. The bill we passed in the Senate and the conference report we are considering today failed to balance the help we want to extend to some individuals with the harm we know will be thrust upon them—I might say, which will be thrust upon others.

My name does not appear on this conference report, because this legislative product failed miserably to strike a needed balance. Instead, the product before us illustrates the cold indifference to the dilemma of those who will be denied the opportunity to work because of the approach of the distinguished Senator from Massachusetts.

This lack of sensitivity is exemplified in the description of the differences between the administration's position and the legislation we are being asked to endorse by the proponents of this bill. The difference, we are told, is merely one thin dime in each of 3 years. That is not the difference. The difference is about a quarter of a million jobs—and I should say lost jobs—which will occur. It should surprise no one then, given both the whitewash of the minimum wage's negative impact on unskilled, inexperienced workers, and the restrictive nature of the two separate measures passed by the House and Senate, that we are today considering a training wage which is meaningless.

This conference report's training wage is meaningless. Its sole purpose is to create an illusion, an illusion that a balance between the help and the harm that has been struck, a false illusion that something has been done to save jobs. It should surprise no one, then, given the descriptions of this bill we have heard, as nothing more than three dimes of difference that the Senate receded and accepted the House provision, which would establish a minimum wage board, which suggests backdoor indexing.

The board's task is predetermined. Each year, they are to transmit to the Congress an official recommendation for a minimum wage increase. I wonder how many of my colleagues are anxious to vote every year in perpetuity on a minimum wage bill. Just a few weeks ago an article appeared in the Washington Times which describes the consequences of a failure of policymakers to be sensitive to the harm we effect upon real people, when we blindly increase the minimum wage without balancing the help with the harm.

The article was written by Dr. Paul Craig Roberts, professor of economics at Georgetown University for strategic and international studies, entitled "Doing Good With the Minimum Wage."

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

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

[From the Washington Times, May 5, 1989]

"DOING GOOD" WITH THE MINIMUM WAGE

(By Paul Craig Roberts)

With Congress pressing for a higher minimum wage than President George Bush is willing to accept, it is worth recalling an encounter in the Kennedy administration with this tool for doing good.

As an economics graduate student at the University of Virginia, I had two professors from Harvard who responded to my liberal idealism by helping me land a spot in a new White House program started by the Kennedy administration. I drew a job in the Labor Department and reported for work in the summer of 1962.

By that time minimum wage laws had been on the books long enough for economists to study their effects. Most had concluded that they hurt the people they were supposed to help.

At the Labor Department I was assigned to look into this, specifically with regard to the impact of the minimum wage law on the lesser-developed economy of Puerto Rico. The law required that the minimum wage in Puerto Rico be raised as rapidly as possible to the U.S. mainland level, with the proviso that the minimum wage increases avoid a substantial increase in unemployment.

Industry boards were set up which routinely raised the minimum wage and a reported no adverse effects on employment. By the time of my investigation, entire industries had been wiped out.

It soon became apparent that the people who served on these boards were pleased with the opportunity to "do good" by raising wages. Whenever unemployment resulted, some other explanation was found to account for it.

For example, there had once been a thriving art needlework industry on the island with embroidered handkerchiefs and linens. Though there were some production shops, it was basically a household industry that provided some of the poorest people with a money income.

It was also an industry whose capital equipment was easy to remove, and as wages were forced up, the entrepreneurs began moving their machines to other locations. Puerto Ricans were saved from working for "substandard wages" by unemployment.

When I pointed this out, I was confronted with the argument that the handkerchief industry had been wiped out by technological change—the advent of Kleenex.

Curious, I checked the import statistics and found that the product was now streaming in from foreign locations not subject to the U.S. minimum wage. When I pointed this out, I was told these foreign imports were a different product.

More determined to get to the bottom of the issue than the Labor Department wanted, I found samples of the Puerto Rican product in an old report and sent them to the customs inspectors in New York, who had been classifying the product for years. A written affidavit came back that it was the same product.

By now the people who were proud of how much good they had done by raising wages were angry at me. The administrator of the Wages, Hours and Public Contracts division slammed his fist on the table and accused me of being against "bread and shoes for the workers." Dumbfounded, I replied that I had merely reported on the process that had deprived poor people of money wages.

There was an uproar, and I was told that my report would not be published. My idealism flashing, I replied that in that case I would publish an article about the episode. With that, things calmed down, and I received some half-hearted pats on the back for having done such a thorough job. After all, I had two sponsors who were in with the Kennedys.

I went to the University of California at Berkeley to study more economics. At Christmas a Labor Department economist with whom I had worked came to visit his parents. I asked if my study had been published, and he replied in the affirmative. Had it stopped the process of pricing Puerto Rican labor out of markets? I eagerly asked.

No. He explained I had made one mistake. By so thoroughly proving the case, my report was too long and opponents were able to seize on its length and demand editing. As paragraphs and tables disapproved, the message became confused.

Outraged, I threatened to protest, but my friend assured me that in his experience no one ever looked at the reports anyway, as the prospect that a person could be hurt by higher wages was not easily perceived by most people.

Years later I told this story to a governor of Puerto Rico. He thought it was a good thing that the low wage jobs had been lost. Puerto Rico had replaced them, he said, with high wage pharmaceutical jobs.

Had the needleworkers become chemists? I asked. No, he replied, they were on welfare or had moved to New York.

Mr. HATCH. I would like to share an overview of this article. Each Member of the Senate ought to read this article in its entirety. It points out there is much more to this issue than a few dimes of difference.

Dr. Roberts describes his experience as a young graduate student in economics, working at the U.S. Department of Labor during the Kennedy administration. He was given the specific task of investigating the economic impact on the lesser-developed economy of Puerto Rico following an increase in minimum wages. In his research the author discovered that a thriving art needlework industry, which had provided income for many of the poorest people on the island, simply disappeared following the minimum wage increase.

After review, he reported to his superiors at the Department of Labor that as wages moved up, entrepreneurs began moving their sewing orders to other countries where labor was less expensive. How was Dr. Roberts' report received? He was told that regardless of the statistics, he was wrong. He was told that the jobs had not disappeared because of wage increases, but rather, because the handkerchief industry had been wiped out by technological change, the advent of Kleenex.

Dr. Roberts did some further research, reviewing import statistics, and discovered that handkerchiefs of an identical nature were still being imported into the United States, except now they were coming from locations other than Puerto Rico.

When he reported this to his superiors, Dr. Roberts says that the Administrator of the Wages, Hours, and Public Contractors Divisions of the Department of Labor, and I quote, "slammed his fist on the table and accused me of being against bread and shoes for the workers."

Dr. Roberts concludes his article by stating that years later he told this story to the Governor of Puerto Rico, who responded that he thought it a good thing that the low wages jobs had been lost. Puerto Rico had, the Governor stated, replaced the low wages jobs with high wage pharmaceutical jobs. The author asks, "Did the needleworkers become chemists?" "No," the Governor replied, "they were on welfare or had moved to New York."

Well, that was more than 25 years ago, Mr. President. Still, when any Member of Congress is bold enough to point to the concrete evidence of job loss or point out the certainty of employment opportunity being denied, we are scolded for being against bread and shoes for workers. After all, we are told, there are only a few dimes difference between the President's approach and this approach. So are we supposed to stick our heads in the sand and ignore facts? Are we supposed to forget the notion that some balance ought to be forged? Are we supposed to accept phony explanations as to why entry level jobs disappear? Are we supposed to pretend that this training wage in the conference report, which we all know is meaningless, is going to stop those losses from occurring?

Well, let me just make a few points about some of the specific concerns which I have on this conference report, but let me say just one other thing: It is interesting that we have made an exception for Puerto Rico in this particular bill. As we recognize the minimum wage increases have been devastating to Puerto Rico, we make an exception for it; we make an exception for them.

Now, keep in mind, we do not do anything for all of those countless communities in this country who are in the same straits as Puerto Rico that are going to lose jobs for the very people who need them the most. This is the first time in all the years that we have debated minimum wage where I do not know of one economist who has not come out and said the minimum wage increases are a negative effect on the economy of this country. And especially the very people they claim they are trying to help.

Why Puerto Rico and not the rest of our underskilled, undereducated, undertrained economy? Why is it we are not concerned about elsewhere in the United States?

I agree with the Puerto Rico amendments to this bill. I think they are intelligent amendments, although they would be more intelligent to not increase it and allow the markets to bear the burden.

In this area to be honest with you any people with most training, any education, any experience and any skills are going to start at more than the minimum wage anyway.

It is only those who cannot get a job otherwise who will be totally denied a job the rest of their lives and they will be on welfare and each one will cost us through their lifetime about $1 million a person over a lifetime because of bills like this continued outworn, outmoded, old fashioned ideas that we cling to because one segment of the economy, one of the special interest groups wants this idea and, of course, it accords it Holy Writ consideration.

Let me make some points about some of the specific concerns I have with this conference report.

First of all, the training wage, the distinguished Senator from Massachusetts says is a concession to the President of the United States is a meaningless training wage. A training wage is a good bargain from the public policy standpoint if it is a real training wage. If it is real it is a way to save almost half of the jobs that are certain to be lost following the minimum wage increase.

I wish we were offered a real training wage, but this bill does not. Instead we are being offered a provision which is very restricted. For instance, coverage of first jobs and only first jobs will prevent use of the training wage for nearly all adult low-wage workers and for a majority of youth low-wage workers?

Who benefits from this provision?

The purpose of the training wage is to save jobs and provide entry level opportunities, but the conference report authorizes the training wage few will be eligible to utilize.

Is there a way to mitigate the count of lost jobs?

At 60 days or less, and for first hires only, an employer has no incentive to use the training wage; regulations and records requirements would be onerous as provided for by this bill and you can count on it and, for the Government, enforcement would be difficult. So, we have created a training wage which will be unavailable to unskilled workers because the burdens outweigh the benefits for employers. Is this a bargain? No.

Lastly, limiting the training wage to one-fourth of current employment for any employer requires even additional records requirements. At best, this proposal will save only 12,000 of the projected loss of 650,000 entry-level jobs at the level of the bill the distinguished Senator from Massachusetts is sponsoring. So, where is there any hope left for any job savings? This is not striking a balance; this is a smoke screen. It is like throwing a smoke bomb into this debate in hopes that no one will see the ill effects of what we are doing here.

What about back-door indexing?

BACK-DOOR INDEXING

I am also very concerned about instituting a Minimum Wage Review Board for the following reasons:

Their work product is predetermined. This Board will review economic data on wage, price, and other economic indicators and, on that basis alone, send Congress a recommendation for an increase in the minimum wage every year. Only after the Board calculated this recommendation would they consider the negative economic consequences, such as a few hundred thousand lost jobs each time. So, what is the use of a Board that looks at data which is already available through existing governmental statistical agencies and already released every year? What is the usefulness of any highly paid board when its work product is predetermined?

This Board is charged with contracting with the Bureau of Labor Statistics for the conduct of several studies which ostensibly would be used by the Board in making its economic impact assessments. Each of these studies would require a vast expansion of the BLS resources and their survey techniques. However, the conduct of each study is conditioned on the availability of funds. There are no funds available. So, what is the purpose of this provision other than to give the appearance that economic data is wanted when we know there is no money to produce it? If this type of data is really wanted, why has the Congress not paid any attention to the work which has been done by a number of economists over the years? These studies are unanimous in finding job losses and many have cast doubt on the minimum wage as an effective antipoverty tool.

In fact, many come right out and say the minimum wage is a negative effect on the economy, is not an effective antipoverty tool, and for some creates poverty.

Mr. President, I could go on, but I think it is fairly clear that this conference report presents us with legislation that will translate into the loss of hundreds of thousands of jobs and job opportunities for those who most need our help. Moreover, we are presented here with a legislative alternative which will mean that every year—each year—we will face a vote on whether the job loss will continue.

I hope that none of us, regardless of our individual views on the minimum wage, will be deceived into believing that this legislation strikes a balance. We all know, in our hearts, that this legislation falls far short.

I urge every Senator to reject this legislation and send a loud, strong message that this conference report, which would do nothing to save jobs and job opportunities, is unacceptable. I think that we should demand a better balance between help and harm than we are today being offered.

Let me also say that there are some facts that really have not been discussed very well here either. The typical minimum wage earner is young, single, works part time, and lives at home in a household not in poverty. Of a work force over 116 million, 3.9 million or 3.4 percent earn no more than $3.35 per hour in 1988. Those earning no more than the minimum wage include those who report this or a lower hourly wage but also earn tips. About 1.5 million tipped employees are in the work force. Almost 60 percent of minimum wage earners are under age 25. About one in four teenagers earn the minimum wage. More than two-thirds of minimum wage earners work part time. The vast majority of part-time employees prefer to work only part time.

Seventy-two percent of minimum wage earners are located in the South or in the Midwest. The economy has generated more than 19 million jobs since 1982, the last time the minimum wage was increased.

Minimum wage jobs have declined by 2.6 million or 40 percent since 1982. The overwhelming majority of youth who start at the minimum wage has moved to higher wage rates after the initial training period. So the key is not paying a livable wage. The key is finding a job and getting that inception job to begin with, and we are going to foreclose that for millions of young people and others who are underskilled, undertrained, and under educated because of this particular bill should it ultimately be signed into law.

There is an unanimous agreement in the published academic research literature by economists that an increase in minimum wage results in loss of job opportunities. It is unanimous. I do not know of anybody who is competent who disagrees with that statement. For each 10-percent increase in the minimum wage and here we have a 36-percent increase over 3 years, the study suggests a loss of between 100,000 and 200,000 employment opportunities. The congressional proposals contain an increase of about 39 percent, actually it is 36 percent with this particular bill which alone suggests a loss of between 400,000 and 800,000 job opportunities. It is no secret the Labor Department split the difference and came up with 650,000 jobs to be lost. The brunt of the job opportunity losses will be felt by those least able to bear them, young people and those most in need of skills and training.

Today the civilian unemployment rate is 5.3 percent. The teenage unemployment rate is somewhere around 15 percent or a little less than that. Black teenage rate is about 42 percent, that is near 50 percent during the Carter years. Some efforts have been made and some change has been obtained, though we still have a long way to go.

If you increase the minimum wage you foreclose even more the opportunities for some of these young black people to ever hold a job. The impact usually and especially hurts small businesses which are responsible for 70 percent of all new jobs. And two-thirds of all workers enter the work force by way of small businesses.

I just think those points are very important and I wanted to cover them because they are the type of thing that we do not give much consideration to.

But, in any event, I hope that our colleagues will vote this conference report down. We all know there are enough people who are devoted to these outworn ideas of the past that it is very unlikely that we will vote the conference report down today. It probably will pass. In the event it does pass and is sent to the President, then I can guarantee you that the President is going to veto this bill because he has gone better than half way to try and meet the needs of people by agreeing to a minimum wage up to $4.25 per hour over the 3-year period. That is a 27-percent increase over 3 years versus this 36-percent increase over 3 years. And he wants a real, true, training wage.

If he has those two things, then those who desire an increase in the minimum wage, as much as that may still be detrimental to our economy and to the very people they claim it helps, those people, the fact of the matter is they would get an increase in the minimum wage. This President is willing to go that far.

But if we do not do that, he is going to veto this bill and I hope my colleagues will sustain that veto because I

think it is in the best interest of America to do so.

Mr. KENNEDY. Mr. President, we are again addressing some of these same issues that we debated at the time of the Senate's consideration of our original proposal to increase the minimum wage.

If we take the figures of this administration, they estimate that the number of jobs is going to grow, during the time the minimum wage would increase, by 5.2 million jobs by 1991. That is what the administration estimates.

My friend and colleague from Utah says he believes that there is sufficient evidence to demonstrate that there will be a loss of some 250,000 jobs during the period of the increase in the minimum wage. Job opportunities increased by 360,000-jobs 2 months ago alone in the United States of America—a 360,000-job increase. Even if we accept what the Senator from Utah says—he is talking about 200,000 jobs that would not be available over the 3-year life of this increase in the minimum wage—we will still have a surplus of jobs.

Now, the Department of Labor says we will see an increase of 5.2 million jobs by 1991. They also say we will only add 4.4 million workers during that period of time. So using the administration's own figures, there is an 800,000 shortfall of workers—800,000 shortfall, a phenomenal event that will develop as a result of demography in our country.

Business Week itself said that they thought that the loss of jobs was de minimis. But even if we accept the argument of the Senator from Utah, that should not be the decisive factor.

Second, on the issue of Puerto Rico. If I heard the Senator from Utah correctly, I must say that if he would be willing to accept the mandated programs that exist in Puerto Rico, we might have a different proposal. In Puerto Rico they mandate maternal leave for expectant mothers. Instead of time and a half, they have double time. There are mandated Christmas bonuses. This Congress has always treated Puerto Rico somewhat differently because of the various mandated employee benefits that exist in Puerto Rico.

Finally, Mr. President, let us examine the administration's proposal just briefly. They would go from $3.35 to $3.65 to $3.95 and $4.25, their training wage would be 80 percent of each figure; 80 percent of each level for a training wage, or $3.35, whichever is higher.

Now, the fact is, as the Urban Institute has pointed out, 40 percent of the workers that are now covered by the minimum wage would actually drop out of any potential increase for the minimum wage under the administration's training wage. And the result of that is the following: If you take the President's program, it goes up to $3.65. What is 80 percent of that? It is below $3.35. So that worker gets no increase that particular year.

The second year, it goes to $3.95. What is 80 percent of that? It is still less than $3.35. So for 2 years there is no increase for 40 percent of the minimum wage workers in this country.

The third year, it goes to $4.25; very generous of them. What is 80 percent of that? That is $3.40. So for 40 percent of all the minimum wage workers, using the administration's proposal over the same 3-year period, their minimum wage would go up a nickel.

So, Mr. President, I think that the administration's proposal fails to provide any real opportunity for almost half of those who are working at the minimum wage today.

Finally, Mr. President, I think it is important to point out that those that are concerned about the economic implications of an increase in the minimum wage, are not out here suggesting that we should eliminate the cost-of-living increase for the 32 million senior citizens who are receiving Social Security—32 million get a cost-of-living increase—or the cost-of-living increase for the 2½ million men and women who are in the armed services.

I support that cost-of-living increase, as I do for the 32 million senior citizens. We do not hear arguments out here, "Let's take away the cost of living for the seniors because it is bad economics."

But when you talk about the 4 million heads of households that would be affected by our proposal, and the 1.2 million heads of households that are in poverty and would be helped by this bill, we hear, "Oh, the economic impact on our economy, it is going to be devastating."

Mr. President, the best economic indicators are a thorough examination of what has happened to our economy over the period of the last six times that we raised the minimum wage over the last 50 years. Back then we heard the same kinds of arguments, predictions, projections by similar voices in this body who were opposed to any increase, and those fears were just not justified.

This is a simple matter of equity, Mr. President. All we are saying is anybody who wants to work in America ought not to be condemned to a life of poverty. That is what the issue is. And I would hope that the Senate will accept this conference report.

Mr. HATCH. Mr. President, just a couple of thoughts. If I understood the distinguished Senator from Massachusetts correctly, it is the first time I have ever heard him admit that there is probably going to be a loss of at least 250,000 jobs, which he brushes away by saying there will be an increase of 300,000. Heck, we have had an increase of 20 million jobs, since the minimum wage was last increased, under the Reagan administration. I remember in those early years what a pejorative term it was to talk about Reaganomics. Nobody talks about that today. Twenty million jobs.

As a matter of fact, we made the point that there were some 7 million jobs lost that actually went out of existence that were $5 an hour or less and almost the same amount were created between $5 and $10 an hour and 18 million jobs over $10 an hour under the Reagan administration without an increase in the minimum wage.

What he does not say, though, whether he agrees that there will be a 250,000- to a 650,000-job loss if this conference report passes, is that that will be a loss of jobs to the very people that we are trying to help, who will never hold a job as a result of these types of archaic, old-fashioned increases in the minimum wage. That is what is wrong.

Look at the facts. This is the Department of Labor. In 1955, it says—well, let us go back to 1948.

Mr. KENNEDY. 1948?

Mr. HATCH. Let us go back to 1948. In 1948, black youth unemployment was roughly the same as white youth unemployment. For that year, blacks aged 16-17 had an unemployment rate which was less than whites of the same age, 9.4 percent unemployment compared to 10.2 percent whites unemployment.

In every year that the minimum wage has gone up, black youth employment has gone down and black youth unemployment has gone up to the point where it is well over 30 percent now.

The last time it was checked by—well, I will just go to 1955. In 1955, there was one black kid hired for every white kid. It was one for one.

In 1976, the last time that it was done, it was one black kid for every two white kids. And in every one of those particular years there was an increase in the minimum wage through much of that time.

There is a correlation. The very people that those who are supporting this bill claim they are championing, and they have been claiming this for years, they are actually just cutting out of the work force and putting on welfare at $1 million per person for the rest of their lives from every taxpayer in America because we are too doggone stupid to look at this thing for what it is.

And with regard to those who are working poor, there are not 4 million who are on the minimum wage, there are 336,000. Of the 4 million, approximately 4 million people on the minimum wage, 336,000, a little over 8 percent, are working poor. We should get them to a livable wage. There is no

question about that. And a lot of us would do so not by increasing the minimum wage for everybody with the ratcheting effect that triggers inflation as it happened during the Carter years, because there are a lot of other ungodly forces pushing up inflation, too, but this just triggers it. We would not do it across the board. We would have an earned income refundable tax credit that would get these working poor to a livable wage. And let us attack it directly.

The vast majority of people on the minimum wage are people who do not come from poor families. They are people at 150 percent above poverty or better. The vast majority are young people. The vast majority of them are people who literally are part-time workers or otherwise need a job. Many of them choose to work at the minimum wage.

As the labor demographics go down, people with any kind of skills or experience or education or abilities are going to be hired at more than the minimum wage. It is these people at the bottom rung who have no skills, have no education, have no training—they are the ones who are going to be cut out by this type of archaic increase in the minimum wage.

The President himself understands that and even though he does he is going to increase the minimum wage 27 percent over 3 years. I will support that even though he acknowledges that it is not in the best interest of these people. I acknowledge that. But there is still a belief out there, I think because of some of the reporting in this country, there is a belief that this somehow does people good when in fact it does a lot of harm.

We have to look at these last 6 or 8 years and see how much better the economy has been when there has been no increase in minimum wage and how much better it has been for those who really are underskilled, undertrained, and undereducated.

Let me yield such time as he needs to the distinguished Senator from Texas.

Mr. GRAMM. I would withhold, Mr. President, for the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I will just take 2 minutes. Mr. President, on the one hand, the Senator from Utah says there are only going to be a few hundred thousand that are going to be affected. The Senator cannot have the argument both ways. He cannot say there is only a few hundred thousand going to be affected and then predict these dramatic and dire economic impacts on the economy. The argument does not hold. It just does not hold.

Mr. HATCH. That is not what I said.

Mr. KENNEDY. The fact of the matter is we had an increase in the minimum wage by 60 percent between 1961 and 1969. The rate of inflation during that period was 22 percent.

Between 1981 and 1989, a zero-percent increase in the minimum wage, but the rate of inflation was 39 percent.

Let us use the basic traditional economic data when we are trying to talk about the projections and what the impact is going to be in terms of the loss of jobs.

An just finally with regard to the loss of jobs, I put in the RECORD the Business Week article that states that, regarding the loss of jobs, "Indeed, the harm from a higher minimum wage may not only be less than the conservative figure—but even less than the liberals think."

It basically points out that any potential loss of jobs would be de minimis because it correctly points out that what impacts jobs are the economic indicators, not just providing a living wage to the working poor of this country.

Mr. President, I ask unanimous consent that the article, dated October 19, 1987, be printed in the RECORD.

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

DISPELLING THE MYTHS ABOUT A HIGHER MINIMUM WAGE

(By Aaron Bernstein)

Sometimes economists are so busy predicting the future that they neglect to look at the past. This seems to be the case in the current debate over the minimum wage. Liberal and conservative economists alike have churned out predictions of how many jobs will be lost if the $3.35-an-hour minimum is raised. The liberals say very few, the conservatives say a lot. But a close look at how each side reaches its conclusions throws doubt on both their estimates. Indeed, the harm from a higher minimum may not only be less than conservatives figure—but even less than liberals think.

The problem lies in the econometric models on which the projections are based. Lobbying groups ranging from the U.S. Chamber of Commerce to the AFL-CIO buy these computerized profiles of the economy, which they then use to project what happens when variables such as the minimum wage are altered. It turns out that the models used on both sides of the current debate assume that the percentage of workers earning the minimum wage will remain the same.

In reality, the percentage has been dropping. As a result, the pool of workers likely to be affected by a higher minimum wage is smaller than most models assume—some 35% smaller (chart). The implication is a matter of arithmetic: The fewer minimum-wage jobs there are, the less impact on employment if the minimum wages rises.

To be fair, glitch in the econometric models has caught nearly everyone off guard. Even such staunch opponents of a minimum wage hike as Finis R. Welch, a labor economist at the University of California at Los Angeles, now concede that the smaller number puts the matter in a different light. Although he still is against raising the minimum, he agrees "there will be less problems if there are fewer workers at the current minimum."

That may be an understatement. Conservatives point out that if higher labor costs aren't matched by productivity gains, minimum wage workers could be priced out of a job. The Chamber of Commerce predicts that 750,000 jobs could be lost by 1990 if the minimum wage were raised in steps to $4.65, as is called for by legislation being debated in Congress. It predicts a loss of up to 1.9 million jobs by 1995.

Liberals, arguing that employers would offset the wage hike with productivity gains, show far fewer jobs being lost. F. Gerard Adams, an economist at the University of Pennsylvania, puts the loss at 100,000 by 1990. Liberals also argue that it's worth losing some jobs to keep other minimum-wage workers out of poverty.

Whatever the merits of that argument, even Adams' number may be too high. The model he used, from Wharton Econometric Forecasting Associates Inc., assumes a constant proportion of minimum-wage workers vs. all hourly workers in the economy—even though the actual share fell from 15% in 1981 to 8.8% in 1986. Thus "the model could be overcounting [anticipated] job losses," says John Hagens, the head of Wharton's macro unit. The impact could be overstated further because the number of hourly workers above $3.35 but below the proposed new minimum wage has fallen, too.

The Chamber of Commerce used a Washington University econometric model with similar flaws. "We do assume a rise in the number of minimum-wage workers," concedes Chris Varvaes, an economist at Laurence H. Meyer & Associates, which built the model. The chamber's economist, Graciela Testa-Ortiz, apparently didn't realize that. By contrast, Data Resources Inc. used a "very conservative assumption" on how many workers earn $3.35, says Roger Brinner, its chief economist. He sees 87,000 jobs lost by 1990.

Indeed, the opponents' own logic indicates that raising the minimum shouldn't be devastating. If business hires fewer minimum-wage workers when they become more expensive, then it should hire more such workers when they become cheaper. They've become an absolute bargain since 1981, as the real value of the minimum wage has fallen by 25%. Yet there are 2.7 million fewer minimum-wage workers now, while overall employment has risen by some 9 million.

Why did this happen? Many economists say the education and skill requirements of new jobs are rising. While some of these may be low-paid retailing or fast-food jobs, even they are starting to pay more than $3.35. That may be because the number of teens is falling and labor shortages are developing, making it harder to hire workers at the minimum. If these trends continue, the economy will replace more of the lowest-paying jobs with higher-paying ones. So letting the minimum rise shouldn't be so harmful.

There's another point that some economists have missed. Opponents argue that lifting the minimum wouldn't help many poor people anyway. Only 1 million of the 5.1 million minimum-wage workers live in poverty, they say—the rest live with other wage-earners. But few mention that the 5 million counts only hourly workers.

TRADE-OFF

In unpublished surveys, the Bureau of Labor Statistics estimates the number of

piece-rate or daily-rate workers who earn the minimum. They raise the number of those workers to "probably 7 or 8 million," says Welch. Some of them live in poverty. The BLS also found that in 1985, 1.1 million impoverished workers earned $3.36 to $4.35 an hour. A higher minimum would push up their pay, too.

Increasing the minimum wage would raise costs for those companies still paying it. But if the economy is shifting toward higher-wage work anyway, a hike wouldn't cost many jobs—and would help many poor people keep up with inflation. That may well be a trade-off worth making. But before the country can decide whether it is, someone will have to bring those antiquated forecasting models up to date.

Mr. HATCH. Mr. President, if there is any impact it is going to be on those who cannot get jobs. It will be on those who are underskilled, those who have no training, those who have no education or at least relatively little. That is the point we are making here.

The 336,000 people are those who are heads of household who literally are underpaid on the minimum wage and we would solve that. We would directly attack that with a refundable earned income tax credit and we would help them. That is rightly so. But let us help them directly, let us not just ratchet up the whole economy in unfavorable ways just because people are slavishly devoted to an archaic idea that literally almost everybody is criticizing today who has any economic background or experience.

That is the point we are making. There may have been a time when the minimum wage had some value, back in the Depression when they were trying to protect jobs and so forth. But that time is not now. Right now, there will be a tremendous loss and tremendous hurt to the very people that the sponsors of this bill claim they are trying to help.

Let me yield at this time to the distinguished Senator from Texas as much time as he needs.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, let me begin by saying if our objective is really to adopt a living wage, I do not know why we are so stingy with the working men and women of America. Who here argues that $4.55 an hour is a living wage? Surely not our distinguished colleague from Massachusetts. In fact, at $4.55 an hour, if this is the wage being paid to a head of a household of four, when that goes into effect in 1992, the Department of Labor estimates that the family will be $4,661 below the poverty line.

So, Mr. President, we are not talking about a living wage, here. What we are talking about is an action to set into law a wage below which we will not allow people to work. We will not allow jobs to be offered or accepted below that wage.

Mr. President, if minimum wage laws really worked, if, as the Senator from Massachusetts said, they really did not have any impact on employment, they just had impact on the people getting the wage, why are we not debating $10 an hour or $20 an hour or $1 million an hour? If we adopted a minimum wage of $1 million an hour, we could all be rich. Except for the quirk we all learned in the third grade when we learned multiplication and that quirk, Mr. President, was: Anything times zero is zero. And $1 million an hour times zero hours is zero and you are still poor and you are still broke.

Mr. President, it is a great paradox that, as we are here debating this issue today, all over the world, in every other deliberative body on earth, people are talking about perestroika and liberalization and market incentives; in Russian and Chinese and in Spanish people are talking about letting markets work. And yet here in the greatest deliberative body on earth we are talking about passing laws to set wages. The Russians have tried since the October revolution to run the economy by having the Government set policy. Today, everyone except the U.S. Congress has wised up to the fact that this policy does not work.

Mr. President, I am not here to debate the difference between the President's plan and Senator KENNEDY's plan. Both of them are bad plans. Both of them are political plans.

The President has proposed a compromise to try to minimize the impact but his compromise will slow growth, will put people out of work, and will make America worse off.

Mr. President, I have heard many examples of why we should not increase the minimum wage. The best one I ever heard was last year when a group of florists came to see me—people who cut flowers. And this one old florist said: You know, I always hire people at the minimum wage. I always have about four people working for me at the minimum wage. But, he said, what people do not understand is that they are never the same four people. People come to work for me, they learn how to get to work on time, they learn how to work under supervision, and then suddenly they quit to go to work for K-Mart or to go to work for the local exterminator or to go to work for a new manufacturing plant. And then I hire somebody else. And my florist's shop is like a weigh station on the way for people to get better jobs.

The old florist said, for example, that 8 years ago, a young fellow came into his shop and said he was looking for work, and he hired him. The guy was artistic. The florist taught the young man how to cut flowers. The guy was smart, and he taught him how to do his books. Two years ago, the young fellow quit, went across the street and opened his own flower shop. Now this young competitor hires 10 people at the minimum wage to work for him. The old florist said that if we had had $4.65 an hour as a minimum wage 8 years ago, he would never have hired that young guy, that guy would be on welfare, the old florist would have no competition in his neighborhood, and he would be rich.

Mr. President, we can go through these numbers until you are blue in the face with charges and countercharges, but the bottom line is this: Minimum wage laws tend to cut the bottom rung off the economic ladder. The plain truth is there should be no minimum wage law, period, in this great land of free enterprise. Minumum wage laws keep people in poverty, or using the words of our distinguished colleague from Massachusetts, they condemn people to a life of proverty, but they do this by keeping workers from ever getting that foot on the bottom rung of the economic ladder.

Mr. President, I have had an opportunity in my lifetime to work at several jobs at the minimum wage. In fact, I remember one job I had at the Tom Houston Peanut Co. in which I was hired at minimum wage. I thought it was minimum wage. It was $1.10 an hour. I remember that vividly. I did two jobs. One job was to sand these wooden candy display cases in a filling station. The other job involved the metal cases that were coming on to replace the wooden cases, therefore, my first job at that point was becoming obsolete even as I acquired skills by sanding away my fingerprints every day. The new metal cases were covered with grease, so I would sand in the morning, and then in the afternoon, I would tie this chain around these metal cases and dump them in kerosene and then wipe them off. By the end of the morning, my hands had little nicks and then when you stuck them in that kerosene, my hands would burn and I think, Mr. President, it was somewhere on one of those days that the idea hit me that maybe this book learning business was not as bad as I might have previously thought.

I am certain, Mr. President, that I acquired great skill in working at the minimum wage. One of the things I discovered was that I did not want to do it the rest of my life. Had I never had that opportunity, I am not certain that this revelation would have ever reached me, and I do not believe that it would ever reach millions. The plain truth is that most people learn to do what they do for a living by doing it.

On the job training is the only training program that has ever had any real effect. All of these jobs bills we pass around here are nothing as compared to on the job training. In fact, there has only been one legitimate antipoverty program in history, and it is called American capitalism. The

plain truth is you do not eliminate proverty by passing laws setting wages. You eliminate poverty by having an economy where there is opportunity and freedom.

So my frustration, Mr. President, is not in numbers about how you can show that between 1978 and 1981 we raised the minimum wage and the poverty rate went up, or that we did not do anything to the minimum wage between 1983 and 1988 and it went down. The world is not going to come to an end based on what we do here or what we do not do here. It is true that the plight of the people who would like to be part of mainstream America will be made more difficult if we raise the minimum wage law. The minimum wage law is antipoor, antiminority and it is unworthy of consideration by this great deliberative body.

Mr. President, what we ought to be debating is how to make America richer by letting our markets work more effectively, by promoting trade, by lowering interest rates, by promoting capital accumulation and investment, but instead we waste away our time and the time of the Nation by engaging in a political debate with the arrogance that somehow we, in this room here, can pass a law and make wages in our society in a world marketplace.

The plain truth is we cannot do that. The only way we can make wages is by making the economy stronger, and that should be the subject of our debate. I intend, Mr. President, to vote against this bill. I intend to vote to sustain the President's veto. I do not want anyone to ever think that I voted to condemn the poor people of this country to poverty; that I voted to cut off the bottom rung of the economic ladder and deny them the opportunity to get on the playing field and use their God-given talents. Not only is that approach unenlightened, I think it is unworthy of our great Nation. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. I reserve the remainder of my time.

Mr. KENNEDY. Mr. President, I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. I thank the Chair. Mr. President, we have had a very constructive debate thus far today and in weeks past on this fundamental issue. I rise today to support the compromise plan which has been submitted through the conference committee process. I believe it is a good compromise, and I believe it is good policy for this Nation. The Congress and the administration for half a century have agreed that the minimum wage is an important part of our democratic capitalism in America. Since the 1930's, the minimum wage has been a contract for dignity of American workers.

I believe, Mr. President, there is a fundamental aspect of American capitalism that is at issue here today. The Senator from Texas has made a strong statement for what I would call pure capitalism, and that is to allow the marketplace untouched, undirected, unsoftened to be the determinant of allocation of resources.

I am a capitalist as well, and I believe in the strength of the marketplace and the wisdom of the unguided hand, but I also look at some societies which I think have allowed that unguided hand to be the only hand. Societies to the south of us in Latin America, which with a high degree of almost medieval, feudal capitalism, have seen societies that have grown with tremendous disparities; which have seen societies that did not encourage the entrepreneurial spirit; which have seen societies that emphasize class division where that young child born into the poor barrio knew, no matter what people told him, there was no chance that he or she was ever going to have a real opportunity in that society.

We have taken a different route in the United States, Mr. President. We have believed in the concepts of Jeffersonian and Hamiltonian democratic capitalism, that there is a role for society through democratic institutions in softening, in making capitalism kinder and gentler and more available to all people.

Within a few yards of where we stand is the room in which Abraham Lincoln signed the Emancipation Proclamation. That was a strong economic statement. It was a statement that Government was going to proclaim that the sale of human beings was no longer tolerable in our society. I guess you could say that was an intrusion by Government into what the economic marketplace had said was acceptable prior to our Civil War.

In this room, we have debated in the past child labor laws, laws that have protected those who were defenseless, laws which have created some sense of safety and environmental protection on the worksite. All those are intrusions into a true marketplace. I suggest those are not things which have demeaned or weakened our economic system. Those are the types of measures which have made our democratic capitalism the model of the world today and will be in the future.

It was in that same vein that, 50 years ago, this Government decided there was a minimum wage below which Americans should not be asked to work. It was in that tradition of democratic capitalism, and so what we are talking about today is not any fundamental, radical change of our economic and social history. It is in the tradition of that social and economic history. Our enlightened policy takes into account past experience and tries to shape a better future by applying that past experience.

Mr. President, I suggest that this legislation is an example of taking advantage of past experience, particularly as it relates to the inclusion of a training wage within the conference committee report and recommendations.

While the focus of the debate has been on the difference, I think what is important to also comment on is the fact that the position of the Congress, as expressed in this report, and the administration, as expressed in the statements of the President and his representatives, are actually very close. Both agree that we should increase the minimum wage. I guess even more fundamentally, both agree that we should retain the minimum wage as part of our social economic policy. The difference between the two positions comes down to 10 cents per year per hour over the next 3 years in terms of implementation so that by the year 1992 the administration's program would be $4.25 and this conference committee report is $4.55. Both sides have agreed that a training wage is an appropriate component of this legislation. I believe now is the time to put this debate behind us and for the President to recognize that this is a reasonable compromise which well-minded, patriotic men and women can agree to and let us go on to the more difficult issues that will be before Congress and this administration in the months to come.

I should like to talk particularly, Mr. President, about the training wage which was an issue of particular concern to me because in my experience I have seen many people who were given that opportunity for the first job, given that opportunity to learn and to demonstrate their aptitude.

I believe we should encourage employers to make that first opportunity even more available, and it is toward that objective that the training wage is targeted. The training wage in this conference committee report is essentially the same provision which was adopted by a significant margin in this Senate. The Senate training wage was accepted by the conference committee. Therefore, we have a 60-day training wage that provides an incentive for businesses to bring in newcomers to the job market, to take a chance on those who have not been previously employed.

This training wage compromise is good for business. It is good for the first-time worker. It is good for our capitalist system. Sixty days is a reasonable period to train new employees, to teach them the importance of punctuality, teamwork, and service to customers.

Those were the exact positive goals described by Labor Secretary Dole in her testimony to the Senate Labor Committee when she spoke about the need for a training wage.

As a supporter of the training wage, I appreciate the President's desire to create this incentive for employers to take a chance on the relatively inexperienced employee. I am concerned, however, that the President's current proposal fails to fully achieve this goal; that the training wage which he proposes, 180 days, would last far beyond the time actually required to learn both the skills of the job and the culture of the job. I am also concerned that it could be the source of abuse; that it could be the means by which employers who had interests other than advancing the training and preparation of that first-time employee could use it as an abusive means in order to keep a person permanently in a subminimum wage position.

I urge the President to look closely at the training wage in this legislation. We encourage employers to provide substantive training. We encourage employees to remain on the job by providing enhanced wages with continuity of employment. We discourage displacing workers or churning new workers in a training cycle without an end.

Congress has moved, Mr. President, toward the administration's proposal on the training wage and the minimum wage rate. I hope the President will build on this spirit of compromise so that we can reach our mutual goal of providing a just minimum wage. Our goal is to prove the maxim that work means dignity in America. Now is the time for the President to join us in saluting dignity in the workplace.

I thank the Chair.

The PRESIDING OFFICER. The time of the Senator from Florida has expired. Who yields time?

Mr. KENNEDY. Mr. President, I ask unanimous consent that the vote on the conference report occur at 4 p.m.

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

Mr. KENNEDY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATCH. I suggest the absence of a quorum with the time divided equally.

The PRESIDING OFFICER. Without objection, the time will be divided equally. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATCH. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. HATCH. Mr. President, in the statement of the managers which accompanies the report, there is a provision which requires the Secretary of Labor to promulgate regulations which interpret section 13(a) of the Fair Labor Standards Act permitting skilled computer operators to qualify for an exemption. I have a question about this language which I hope the distinguished Senator from Massachusetts can clarify. It is a very important question. My question concerns the language directing the Secretary of Labor to promulgate regulations implementing this exemption for highly skilled computer professionals, specifically the earnings test, the exemption which is based on earnings not less than 6½ times the current minimum wage rate. However, language in the conference report states the following: "When the Secretary of Labor adjusts these tests," referring to the administrative, executive, and professional exemption from overtime tests under section 13(a), I assume,"this level of 6½ times the minimum wage should serve as a guide as to the appropriate levels for the salary tests."

I know that this amendment was meant to cover computer professions, but the exemptions from the Fair Labor Standards Act under section 13(a) also covers about 20 million other persons currently working in professional, executive, and administrative positions. I understand that the average annual income of individuals performing in a managerial capacity is about $28,000 a year. The Department of Labor's regulations define this category as individuals whose primary duty is management of an enterprise and who customarily and regularly direct the work of two or more full-time employees.

Here is my question for my friend from Massachusetts, the distinguished Senator from Massachusetts. Are we in this language instructing the Secretary of Labor to increase the entire 13(a) salary tests which are now set at not less than $250 per week to a level which would equal over $870 per week for a full-time manager at the current minimum wage of $3.35 an hour? In annual terms this directive would increase the threshold from $12,500 to $43,500. If that is so, or if that is what we are asking the Secretary of Labor to do, it would mean that if the minimum wage were indeed raised to $4.55 an hour as is being attempted under this bill that any manager would have to earn about $60,000 per year to qualify for an exemption as an executive, as a professional, or as an administrative employee. It would also mean that the vast majority of the approximately 20 million senior level employees currently covered by this bill would no longer be exempt. It would mean that almost every business, and indeed the Senate, given the provisions we have adopted for congressional coverage, would have to start paying people overtime.

Since the Congress of the United States is also written into this bill, it means every Member of Congress and every staff member in Congress would have to be paid overtime if their salaries are $60,000 a year or less because of this bill. If that is what we mean, I think that every Senator should be aware of this before they cast their vote on acceptance of this conference report.

If that is not what we mean, and the language seems to say that, I think we should make sure that this statement of direction is not misinterpreted by the Secretary of Labor or by the many business people who would be affected by a major expansion of the coverage of the Fair Labor Standards Act.

So I ask the distinguished Senator from Massachusetts just what it means, and can we instruct the Secretary of Labor in such a way to make it clear that we are not going to have to pay overtime for everybody who is willing to work extra hours for the benefit of taxpayers in America, and for the benefit of the countless businesses in America without overtime today? And they are willing to do so because they are managers, and they are administrators. They are professionals or they are executives. Because if it means the other, then it is going to be a further deterioration of rights and privileges throughout this country, and a loss of tremendous business expansion in this country. As a matter of fact, I think there will be a lot of businesses going out of business.

So I ask the distinguished Senator from Massachusetts, what does it mean?

Mr. KENNEDY. Mr. President, as the Senator knows, under the regulations regarding the exemptions from overtime which exist under the Fair Labor Standards Act, there are different criteria for determining exempt status. For example, administrative and professional personnel who also meet the duties test are exempt from overtime if they make more than $155 and $170 a week respectively; there are other provisions that provide that even without the duties duty test they are exempt if they make $250 a week.

This particular provision relates to an amendment I supported from the Senator from Minnesota [Mr. DURENBERGER] and it requires the Department to extend the professional definition to computer system analysts and software engineers. It sets as a minimum that they should be making 6½ times the minimum wage, and if both criteria are met, they would not be subject to the overtime provisions.

Basically, there is no requirement for other employees who are subject to the salary tests. The statement of managers does suggest, however, that when the Secretary adjusts these tests this level of 6½ times the minimum wage should serve as a guide. There is no mandate. Since it has not been changed since 1975, it is a guide, and one I hope is followed soon.

So the basic provisions provide the two additional or the additional professional careers which are the computer system analysts and the software engineers in the definition of exempt professionals, this new exception would only apply if these individuals made at least 6½ times the minimum wage but since the other salary tests have not been adjusted since 1975 that this level should serve as a guide, not a requirement, for the Department. And it is in response to the particulars in the computer industry which the Senator from Minnesota brought up with his amendment. But does not mandate that level to other occupations outside of the specific ones described in the amendment.

Mr. HATCH. It would only apply to skilled computer system analysts, software engineers, and other similarly skilled computer professionals, as I understand.

Mr. KENNEDY. That is right.

Mr. HATCH. We are not applying it to any other professionals, executives, or administrators?

Mr. KENNEDY. No. That is correct.

Mr. HATCH. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. I yield 5 minutes to the distinguished Senator from Oklahoma.

Mr. NICKLES. Mr. President, will the Senator give me 8 minutes?

Mr. HATCH. Yes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oklahoma [Mr. NICKLES] for 8 minutes.

Mr. NICKLES. Mr. President, I rise today in opposition to the conference report to increase the minimum wage from $3.35 to $4.55. That is not because this Senator is not concerned about people on the lowest end of the economic ladder. It is actually because I am concerned about the people who want to have the opportunity for a job. I do not want to pass a bill that almost every economist says is going to take away jobs, it is going to cost jobs, and it is going to put people out of work. I think we should be encouraging economic activity, encouraging job creation, not discouraging it, and by increasing the minimum wage by $1.20, you are going to price a lot of jobs out of the marketplace. There is no other way of putting it. You are going to put a lot of people out of work; Senator KENNEDY said when we debated the bill maybe 60,000 or 50,000.

We have CBO saying it will cost 200,000 jobs. Two hundred thousand jobs are going to be lost. Maybe some people will benefit because maybe their wages will increase marginally. But there are going to be hundreds of thousands of people who are going to lose jobs.

The Chamber of Commerce and others say it will cost 400,000 to 500,000 jobs per year. Why would we pass a law that is going to be putting people out of work? Why do we want to pass a law that says if you make $4.50 an hour, your job is not worth it, and you cannot have the job? Because that is exactly what this is doing. This does not raise everybody's wage. This says if the wage agreed to between employer and employee does not equal this specified level, $4.55, the job is not worth it. It is against the law for you to have this job because we have determined in Washington, DC, that, hey, if the job is not worth $4.55, it is not worth having a job, therefore, it is not economical. We would rather have you unemployed if you cannot have $4.55. Too bad, we would rather have the unemployed than to have the job at $4 an hour. Maybe it does not impact very many people here.

I happen to have a daughter that is working right now for $4 an hour. Maybe by passage of this legislation, maybe she will get a raise, and maybe she will lose the job. I would rather have her have that job at $4 an hour and learn some work ethics. I would like for her to get involved in the economic system. I would like for her to pay for the gasoline bills that she is incurring right now. I do not think we should pass the law that says it is against the law for her to work for $4 an hour. That is what we would do by passage of this bill.

I do not think we should be making it more difficult for small business to survive. Everyone in this Chamber has talked about small business. I think we all wave the flag, we want to say, oh, yes, we are supportive of the small business community. The Senator from Illinois serves on the Small Business Committee. I served with him. We all like to talk about job creation, we are helping small business. This will hurt small business.

Eighty percent of all new jobs created in the United States come from small business, and small business has been doing well, a lot of job creation; and a lot of them are in jobs that pay maybe less than $4.55 an hour. I started a janitor service when I was going through school at Oklahoma State University about 20 years ago, and we employed a lot of people, and we did not start out at $4.55. We ended up paying people more than minimum wage. But, you know, you are going to put a lot of people out of work that want to start or create a small business by passage of this bill. I do not think we should do that.

There are a lot of rural communities that, economically, are struggling right now, and they cannot afford it. I would encourage my colleagues to go to a rural community, stop by the gasoline station, and if they have somebody that is pumping gas, ask them what they pay. Maybe they pay $5 an hour. It may well be, in our area, but maybe they pay $3.50 or $4 or maybe $4.25.

Do we want to tell them that is against the law? Go by a rural grocery store that is having a hard time or maybe a little grocery store competing with the big boys, the Safeways and IGA's. They may be struggling because competition has really passed them by. But it is a mom-and-pop-type operation, and they are trying to continue on, and they may have kind of a tradition where they hire a lot of summer employees, a lot of students. I know I ran a company in Oklahoma, a manufacturing company. We employed a lot of students in the summertime, and we did it as much—if nothing else, we wanted to help them. And, sure, they helped us. Maybe they would paint or clean, or whatever, and yes, we usually paid more than minimum wage; but a lot of companies cannot afford to do that. A lot of companies that have people working for $4 an hour will not be able to pay $4.55, or maybe they are employing people right now at $3.50; they may be losing money. So they will not be able to pay the incremental mandates we are passing by this law, so we are going to put people out of work.

I stopped in Colgate, OK, at a grocery store, and they had several young people stacking groceries. I said, "How much are you paying these young men and women doing this job, stacking the groceries and taking them out to the car?" He said, "We pay most $3.60 or $3.75. They work part time after school, and they work on Saturdays." I said, "Can you afford to pay them $4.55 an hour?" He said, "No Senator, we are not making any money now." He said, "No we cannot afford that." I said, "What are you going to do?" He said, "We will just have to have people bag their own groceries."

They do it in a lot of cities, in big cities, I guess, and a lot of areas, but why should we price that job out of the marketplace?

Why should we pass a law that denies that opportunity for a young persons to really begin climbing the economic ladder? I heard my friend from Massachusetts say, "Well, we want to pay a living wage." This is not a living wage.

If we are going to solve poverty by increasing minimum wage, why not make it $10 an hour. If this is economic theory that really works, let us

make it $20 an hour and make everybody prosperous. Of course, that will not work. Of course, if you follow this kind of Government dictates, it will not work, and it will make the United States less competitive; and it will put millions of people out of work, and it would be very inflationary, and it would punish and penalize senior citizens and other people who are on fixed income. It really makes no economic sense to do that. Yet, again, we have those in Congress who say, "I do not think the present system is working. We have not increased the minimum wage in 8 years, and we have 19 million more people working today than we had 8 years ago—19 million more jobs.

Mr. President, this bill before us today makes no economic sense. This bill before us today is going to put hundreds of thousands of people out of work. This bill before us today is going to pull up—instead of allowing people to climb the economic ladder, it will pull the ladder up, and they will not get started. They will never really become self-sufficient. This bill is anti-free enterprise. This bill will deny economic opportunity to hundreds of thousands of people. This bill before us today should not become law.

I urge my colleagues to vote no on the conference report.

The PRESIDING OFFICER. Who wishes to be recognized?

Mr. KENNEDY. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Chair advises the Senator from Massachusetts that he has 6 minutes 30 seconds.

Mr. KENNEDY. I yield 5 minutes to the Sentor from Ohio.

The PRESIDING OFFICER. The Senator from Ohio [Mr. METZENBAUM].

Mr. METZENBAUM. Mr. President, as a member of the conference on the minimum wage, I rise in support of the conference report.

The minimum wage is about basic human decency.

It is about how we treat the poorest working members of our society. Unfortunately, for the last 8 years, we have not treated those workers very well.

Since 1981, the purchasing power of the minimum wage has decreased by nearly 40 percent.

The cost of food has increased, the cost of clothing has gone up, medical costs have skyrocketed, and housing costs have climbed, as well.

But corporate America does not have to worry.

Last year alone, corporate profits soared 32 percent.

Since 1981, top executive compensation has increased over 300 percent.

In 1988, for the first time in the 39-year history of Business Week's salary survey, average annual compensation for top executives jumped to over $2 million per year.

The only thing that has not increased in the last 8 years is the minimum wage.

With this conference report, we have a chance to make amends; to do the right thing; to restore some level of decency to the minimum wage. It is not enough, I am frank to say.

I believe this report does not go far enough toward making the minimum wage a decent, living wage. But it represents at least an effort to move in the right direction.

Last year, the House proposed that the current $3.35 minimum wage should be increased to $5.05 per hour.

According to a Gallup poll, 76 percent of the American public supported such an increase.

This year, the Senate initially proposed increasing the minimum wage to $4.65 per hour over 3 years.

But the conference report represents a compromise: the wage will increase to only $4.55 over 3 years.

The conference report also includes, for the first time in the 50-year history of the minimum wage, a 60-day subminimum training wage for inexperienced workers.

I do not support a subminimum wage. I do not believe it belongs in this bill, but we have accepted it as an effort to compromise. Despite these concessions, President Bush has stated he will veto this bill. He has drawn a line in the sand—an increase to $4.25 per hour with a permanent 6-month subminimum wage. No negotiations, no compromise, no discussion.

Frankly, I have a lot of respect for President Bush. I believe he is a compassionate and decent human being, but I believe there has been engineered a political confrontation over a difference of 30 cents per hour. Apparently, some of his advisers believe that this take-it-or-leave-it approach will show the American people that the President is tough. Let us concede it, the President is tough. Now, let us take care of those workers at the poverty level and give them $4.55 an hour.

I think the President has received bad advice. President Bush, vetoing this minimum wage bill, will not show toughness. It will only show a lack of compassion. It will be a cruel blow for millions of Americans trying to eke out an existence for themselves and their families.

We reached an agreement on a trillion-dollar budget and we are fighting over 30 cents an hour.

The other day we passed a bill for $239 billion as a bailout of the savings and loan industry and we are denying workers $4.55 an hour.

The President is advocating a repeal of capital gains tax to provide the wealthiest Americans an additional $30,000 a year as compared to 30 cents an hour for working people.

I do not understand the President's position. I do not think the American people will understand it.

The President was right in his inauguration speech when he said the people did not send us here to bicker. They certainly did not send us here to bicker about the difference between $4.25 an hour and $4.55 an hour, not when a majority of Americans support a much greater increase.

Mr. President, and to the President of the United States, I say end this confrontation. Sign the bill, Mr. President. It will not be a sign of weakness. It will be a sign of compassion for those who are most in need in this country who are trying to work for a living rather than to be on the welfare rolls. Do not let them down.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, I yield my remaining time plus 1 minute of the leader's time to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Chair recognizes the Senator from Pennsylvania, Mr. SPECTER.

Mr. SPECTER. Mr. President, I thank the Chair and I thank the distinguished Senator from Massachusetts.

Mr. President, it is my hope that we will yet have a compromise on this minimum wage issue. The parties are very close together. There is a difference of some 30 cents an hour. There is a difference of some 4 months as to how long the training wage ought to be in effect and considering that we are dealing with mathematics, and fairly close mathematics, this is the kind of issue which I submit ought to be resolved and ought to be accommodated.

It is my view that the time has come for a change in the minimum wage law. Then-Vice President Bush campaigned on that proposition. I supported him and spoke actively in my State on a variety of issues, including the commitment of my candidate to a change in the minimum wage, and no one can say with precision just what the exact figure ought to be. However, when you talk about the kinds of numbers we have here it is my sense that the matter ought to be accommodated and ought to be compromised.

It is my further sense, Mr. President, that the figure of $4.55 is not too high to put in effect by October 1, 1991. Considering the fact that the last legislation was enacted in 1977, with staged increases through 1981, there has been a considerable period of time which has passed and a considerable increase in the cost of living index. It is my judgment that if we must make a choice as to one figure or another that the $4.55 is the more reasonable figure between the two.

Earlier this year, Mr. President, we had a very contentious issue as to the pay raise for congressional Members and it was calculated at some 51 percent. That was unseemly and most of us, including this Senator, voted against it.

In the context of what has occurred and I would like to speak longer, but there is limitation on time, it is my sense that absent such a compromise which I am hopeful will be achieved, that the conference report ought to be enacted.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. COCHRAN. Will the distinguished Senator yield to me 30 seconds?

Mr. HATCH. I am delighted to yield 30 seconds.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, let me point out one thing that is in this conference report which was not in it when it was agreed to by the Senate. There is an exemption here on the training wage that relates to agricultural workers.

I do not think this has been discussed by those who debated the conference report on the floor.

Let me just read you this:

> Excepted from the training wage provision are those individuals who are employed in agriculture of a seasonal or other temporary nature and are not required to be absent overnight from a permanent place of residence when employed on a farm or ranch performing field work, or when employed in canning, packing, ginning, seed conditioning or related research, or processing operations, and transported, or caused to be transported, to or from the place of employment by means of a day-haul operation.

Mr. President, that means those working in cotton gins, processing farm-raised fish, in all kinds of agricultural activities are going to be disallowed as eligible workers for a training wage. This discriminates against agriculture, Mr. President, and is another reason to vote against the conference report.

Mr. HATCH. Does the Senator need any more time?

Mr. COCHRAN. I think I made my point.

Mr. HATCH. I think the Senator did.

The PRESIDING OFFICER. Who yields time?

Mr. HATCH. Mr. President, I see the minority leader is coming.

How much time is remaining on both sides?

The PRESIDING OFFICER. The Senator has approximately 10 minutes remaining. The majority leader controls the remaining 26 minutes. The time allocated to the Senator from Massachusetts has expired.

Mr. HATCH. I yield the remainder of my time, the 10 minutes, to the distinguished minority leader.

The PRESIDING OFFICER. The Chair recognizes the distinguished Senate Republican leader.

Mr. DOLE. Mr. President, there is no mystery in the conference agreement. It raises the minimum wage to $4.55 an hour over the next 2½ years. It provides for a 2-month training wage—but just for those people entering the work force for the very first time. And it establishes a Minimum Wage Review Board whose only purpose—it seems—is to institutionalize minimum wage increases in the future.

I voted against this proposal last month. And I will vote against it today. It is that simple.

STAND BY THE PRESIDENT

I want to be clear on one additional point, though: I supported—and I continue to support—a minimum wage increase. I continue to stand by the President. And I commend him for fulfilling a campaign promise by going forward with his own minimum wage proposal.

This proposal was a serious one. It was meant to be a serious compromise. At the outset, the President decided that he was not going to play games with Congress—that he was going to send to Congress—right off the bat—what he believed to be a fair and responsible minimum wage proposal.

This proposal reflected the President's commitment to a substantial minimum wage increase—a 27-percent increase to $4.25 an hour. It also reflected a sense of responsibility about the need to preserve jobs—and job opportunities—for the young and the least skilled. That is the whole point of the President's 6-month training wage for new hires.

Unfortunately, the conference agreement misses the point. It misses the point that an increase in the minimum wage to $4.55 an hour will lead to the loss of many jobs; 600,000 jobs, by some accounts.

These are not my figures. They are the figures of the Department of Labor, the President's Council on Economic Advisers, and a wide range of professional—and reputable—economists.

THE TRAINING WAGE

The conference agreement also fails to realize the importance of the President's 6-month training wage. According to the Department of Labor, a 6-month training wage—not a 4-month or a 2-month, but a 6-month training wage—will save almost 200,000 jobs that otherwise would be eliminated. On the other hand, the Department of Labor estimates that a training wage of less than 6-months will have little offset effect.

So—you can see—that the training wage contained in the conference agreement will not do much to preserve jobs or job opportunity. In fact, it will impose additional burdens on employers with its formal training requirements.

KANSAS EMPLOYMENT

Last month, I stood on this floor and outlined some of the effects of this legislation on employment in my own State of Kansas. I think these remarks are worth repeating here.

If this conference agreement ever becomes law, the chamber of commerce has estimated that Kansas would lose more than 8,000 jobs by 1990 and more than 20,000 jobs by 1995.

I also know who is going to lose these jobs: teenagers and other young people. I have talked to many Kansas employers—mostly small businessmen and businesswomen—who have told me that a large minimum wage increase without a real training wage will force their hand—will force them to lay off workers to offset the increase in labor costs.

Now Kansas has one of the better teenage unemployment rates in the country. According to the most recent statistics, teenage unemployment stood at 10.7 percent. That is below the national average. But a teenage unemployment rate of 10.7 percent is not good enough. And it's going to get worse—not better—if this conference agreement ever becomes law.

MINIMUM WAGE INCREASE WAS IN OUR GRASP

I cannot help but remind myself of a simple fact: A minimum wage increase was in our grasp.

If my colleagues who support this conference agreement really wanted a minimum wage increase, they could have—they should have—supported the President's proposal. A minimum wage increase to $4.25 an hour—a 27-percent increase from $3.35 an hour—would be law today. The ink from the President's pen would be drying this very minute.

Instead, we will be sending a bill to the President's desk that the President himself says he will veto. We all know that. And I can assure you that the President is a man of his word.

CONCLUSION

I can also assure you that there are enough votes in the Senate to support a Presidential veto. Some of you—I know—can recall me waiving a letter on this floor—a letter signed by 35 Senators who have pledged to back up the President. This pledge remains solid.

After a veto, I just hope that we will not have to repeat this exercise again and again. And I hope that those Senators who support this conference agreement will soon come to see the merits of the President's proposal.

Let's be frank with ourselves. We have not accomplished much this session. But we could accomplish something—something really worthwhile—

if we would just put aside our differences and work with the President on a responsible minimum wage increase.

Mr. President, I am sorry I have not been here for the full debate on the conference report. This is a very important issue. I know we have very sharp differences. There is not any mystery about the conference report. It did not take long, frankly, for the conference between the House and the Senate to complete its work.

The conference report raises the minimum wage to $4.55 an hour over the next 2½ years and provides for a 2-month training wage just for those entering the work force for the very first time. It also establishes a Minimum Wage Review Board whose only purpose, it seems, is to institutionalize minimum wage increases in the future.

Now, we have had a vote in this Chamber before. I have said that as a Republican I am not going to stand here and say you can live on $3.25 an hour or $4.55 an hour. But I think we have to have the profile of the average minimum wage worker in mind. The great majority of minimum wage workers are single, they are not heads of households, they are under 25 years of age. A minimum wage increase is not just going to apply to those who we may refer to from time to time around here as the working poor.

I have heard on talk shows and heard on the floor, "Well, President Bush won't give 30 cents an hour to the working poor but he is going to give $30,000 to the rich." That does not make any sense at all.

Are my colleagues on the other side of the aisle going to throw away 90 cents an hour, throw it away, to win a political point? Are they going to deny the working men and women in this country a 90-cent-an-hour increase in the minimum wage over 3 years—that is the Bush proposal—because the President did not offer the other 30 cents? The President has gone three-fourths of the way, but that is not enough.

I believe the President acted in good faith when he made the offer. He said in his campaign he would support an increase in the minimum wage and he has acted on that promise. In fact, some of my colleagues think that the President might have gone too far.

So here we are today no further along than we were before. The President will veto the conference report. The veto will be sustained, and so the working people are going to be denied any increase because some in Congress insist on making a political point.

I continue to support, and supported in the past, an increase in the minimum wage, as does my colleague, the Republican manager of this bill Senator HATCH.

Maybe the President could have done it a different way. Maybe he should have come in with a very low increase in the minimum wage. That way, we could have ended up with a $4.25 an hour increase and everybody could have claimed the victory. But, in this instance, the President felt he ought to be candid, he ought to be upfront and he ought to keep his promise. So he sent his offer, his only offer, his final offer to Congress and it was shot down on pretty much a party-line vote.

The President has kept his commitment, a 27-percent increase to $4.25 an hour. The President's minimum wage proposal also reflected a sense of responsibility about the need to preserve jobs and job opportunities for the young and the least skilled. That is the whole point of the President's 6-month training wage for new hires.

But the conference report, as I said, misses the point. I recite in my statement what this will do for employment in my own home State. It has been estimated we could lose about 8,000 jobs and maybe more than 20,000 jobs over the next few years.

The young people are the ones who will lose their jobs as a result of this bill, the very people we ought to get off the streets, the people who are employed by small businessmen and small businesswomen.

And, again, some might say, "Well, you can't live on the minimum wage." There are some employers, I might say, in small business, who have difficulty making a living, too. When the Federal Government mandates increases, they have one choice: Lay someone off or lower wages for the others. Some small employers simply cannot pass on their costs.

So I would just say finally that the conference report will pass. It will be vetoed. I am certain the Senator from Utah has pointed out that we met with the President earlier today. One thing he made very clear to about 20 of us—again, not in a hostile way, but just keeping his word—is that he will veto the conference report. The veto will be sustained, probably in the House. It may never come to the Senate.

And then what happens? Are we going to go through this exercise again? And every time we go through it, we take another month, 2 months, 3 months, and deny those who should be receiving an increase the increase so that somebody can say, "Well, we had the issue. We didn't get the minimum wage for you, but we got the political issue. We were able to go on talk shows and say, 'Oh, well, the President wouldn't give you 30 cents an hour.'"

These people never say that the President was going to give you a 90-cents-an-hour increase over 3 years.

So I hope the President vetoes this conference report very quickly. If I were President Bush, if it goes to him this afternoon, he ought to veto it this afternoon. He should not wait 1 more day. He ought to put it right back on the Congress to raise the minimum wage to help some of the people who ought to be helped. He should not keep it there any longer than he has to. I hope he is working on his veto message now to send it right back to Congress.

I would be prepared, and I know the Senator from Utah would be prepared, to introduce the President's bill tomorrow, pass it on a voice vote, and send it over to the House. Maybe we could do it by tomorrow evening. I am certain the President would sign it as quickly as we pass it.

So the issue is pretty well spelled out. There are experts on this floor who have debated about the number of jobs that would be lost with a minimum wage increase. There have been some 60 different surveys and studies. Everyone says you are going to lose jobs, some as low as 200,000 or 300,000, some as high as 800,000 jobs.

So I just hope, in the spirit of cooperation, that once we dispose of the conference report, once the veto is sustained, that we will be able to come to grips with this issue and dispose of it, as we should have in the first place.

I thank the Chair.

Mr. MITCHELL. "It was the best of times, it was the worst of times, * * * it was the spring of hope, it was the winter of despair."

So wrote Charles Dickens about England and France in the "Age of Revolution." His words also describe the two nations of Americans which have emerged in this decade.

One is a nation of Americans whose numbers are not growing but whose wealth is.

The other is a nation whose numbers are increasing but whose wealth is not.

One nation looks with confidence to the future. The President and Members of Congress are among those fortunate Americans. We can provide for our children. We do not fear the costs of a medical emergency. We have the education and the skills that assure us a well-paid job and personal security.

The other nation, to which the President and we are too often strangers, is a nation of people living at the margin.

For them, life is a struggle from paycheck to paycheck. An illness, an accident, even a minor auto repair is to these Americans a disaster. They cannot provide for their children's future education because they must struggle just to provide for their children's current meals.

These Americans want to look with hope to the future. But they are so consumed by day to day survival that they cannot see the future.

Dickens wrote the "Tale of Two Cities" about a time of violent revolution in France.

We are also experiencing a revolution, not violent, but a revolution nonetheless.

We are living through the steady erosion of one of the fundamentals of the American dream—the promise of a better tomorrow.

Today, for too many Americans, that promise has been broken. For them, tomorrow will not be better; it will be a wearying, nerve-wracking repetition of yesterday.

For 200 years, America has been a land of opportunity, where effort is rewarded, where hard work pays off, where you know your children can live a better life than you.

We believe that in a free country, free men and women should be able to rise by their own efforts, at least to the point of earning a decent living.

In 1933, Franklin Roosevelt said that:

> No business which depends for its existence on paying less than living wages to its workers has any right to continue in this country. By living wages I mean more than a bare subsistence level—I mean the wages of decent living.

It is a matter of equity, of fairness, that those who work should earn enough money to live decently.

No nation can long survive free where that is not the case. Without equity, without fairness to those who work, free institutions cannot survive.

But in our Nation in recent years, a quiet revolution has occurred that is reducing equity, undermining fairness. That revolution is not yet clearly enough seen to distress most of us.

But by the time it is clear, it will do more than distress us. It will threaten the very basis of our society.

We already have the greatest polarization of our society by income and wealth that we have ever had.

The share of national income received and national wealth owned by those at the top of the income scale is the greatest it has been since we could measure such things.

The share of the national income received and wealth owned by those at the bottom of the scale is the smallest it has ever been.

The average adjusted family income for the one-fifth of Americans at the bottom of the economic ladder was 11 percent lower in 1987 than in 1973. Those who have little are getting less.

By contrast, the average adjusted family income of the one-fifth of Americans at the top was 24 percent higher in 1987 than in 1973. Those who have much are getting more.

Census data confirm these observations. The poorest fifth of American households receive just 4.4 percent of all after-tax income in the country.

The wealthiest fifth of American households receive nearly 10 times as much, 42.6 percent of the after-tax income in the country.

This is a polarization of personal income that endangers the consensus on which our Nation rests. The interests of those who enjoy over 40 percent of the income earned have little in common with the interests of those who subsist on less than 5 percent of the national income.

What commonality can there be between the person whose main preoccupation is tax sheltered savings and the person who has no savings of any kind? What common ideals can motivate the parent whose child must choose between Ivy League colleges and the parent who must choose whether his child can visit a dentist or a doctor?

This is not merely a polarization of income; it is a polarization of the sense of community in our country.

When a conservative weekly magazine like Business Week can editorialize, as it did in its May 1 issue, that "Executive compensation has mushroomed to a level that is difficult to justify," income disparities are reaching proportions that are both embarassing and potentially disruptive.

Business Week reported that while in 1960, a chief executive officer earned 41 times as much as a production worker, today he earns 93 times as much.

In 1960, the earnings gap was such that a CEO earned 38 times a school teacher's salary. Today, it is 72 times as much.

And in terms of today's debate, which is over a modest increase in the minimum wage for the lowest paid of all American workers, in 1960, a CEO's earnings were 91 times the income of a minimum wage worker. In 1988, the average CEO made 291 times as much.

And the ominous fact is that economic analysis predicts that, without change, the polarization of income will increase in the years ahead. The Congressional Budget Office has estimated that by 1990, average family income for the poorest tenth of Americans will be 11 percent less than it was in 1977.

In contrast, CBO has estimated that by 1990, the income of the wealthiest tenth of Americans will be about 23 percent higher. The income of the wealthiest 1 percent will be 45 percent higher.

Ironically and mistakenly, President Bush is now opposing the minimum wage increase because it is 30 cents more an hour 3 years down the road than he wants, but he is at the same time pushing for a capital gains tax cut that will intensify the polarization of wealth that is already occuring.

His proposal would provide, on average, $30,000-a-year tax cut for the very wealthiest 1 percent of Americans—those whose income is $250,000 a year or more. To oppose 30 cents an hour in 3 years' time for our poorest workers and to propose $30,000 next year for our richest people is outrageous. It is a perversion of equity.

These figures and statistics are overwhelming, even numbing. And they mask a brutal reality. Statistics are abstractions which help us measure change. But they also hide from us the human dimensions of what is being measured.

So I ask my colleagues to consider the real people represented by these statistics.

Shirley Slagle, of Kitanning, a small town in Pennsylvania, is a 39-year-old mother with one child. Along with her husband, she works in the kitchen of a small local restaurant. Shirley has worked there for 11 years, between 37 and 40 hours each week. Her husband has worked there for 9 years.

When she began working there, she received $2.65 an hour, the Federal minimum wage. When her husband began there, 2 years later, he started at $2.95, to which the Federal minimum wage had by then risen.

Their son, Derrick, has bronchial asthma. He requires medication and a special diet. Their doctor knows they cannot afford his full fee, so he charges $18 per visit rather than $35. The Slagles are fortunate to have an understanding doctor.

When Shirley Slagle testified before the Committee on Human Resources in 1987, she told the members about an emergency room hospital bill of $524 that she was paying off at $25 a month.

To save the extra money, she testified that "* * * I cut back one of his [Derrick's] medications from four to three times a day. That gives us a little bit more money.* * *"

What a choice! What a decision for any parent to have to make.

Every Senator who today votes against increasing the minimum wage by 30 cents more an hour ought to consider his reaction if Derrick were his son.

In this family Derrick was not taken to the neurologist, although he should have been, because as his mother said, "* * * we just could not afford two specialists, so he does not see the neurologist any longer."

Shirley herself has not had her eyes examined in 3 years, because "There is just no enough money for that. All three of us need to see the dentist and there is nothing leftover for that, either." Her husband was diagnosed with a serious gum disorder but has not been afford to afford treatment.

Mrs. Slagle once had a job in a factory that paid $8 per hour. She has skills. Her husband served in the Armed Forces of our country for 9 years. he has skills. There are simply no well-paid jobs where the Slagles live. So they work at the minimum wage because they have no alternative.

Ironically, Shirley Slagle recently received a pay raise. She was speaking with a staff member of the Committee on Human Resources and mentioned that she now receives $3.75 an hour instead of $3.35. Why the pay raise? Because the State of Pennsylvania raised its minimum wage.

We hear a lot of talk about how hard we work in the Senate. We pride ourselves on our hard work and long hours.

I wonder how many Senators would have the sheer determination, the real work ethic that has made the Slagles go on working without hope of an increase based on merit, or effort, or even seniority?

They have worked hard at their jobs—she for 11 years, he for 9—and they have never gotten a raise, except when the Federal or State minimum wage went up.

Every Senator who today votes against increasing the minimum wage by 30 cents an hour ought to consider his reaction to working 11 years without a raise.

Shirley Slagle is not unique. She and her husband are 2 of the estimated 7 million adult Americans whose full-time work does not earn them enough to keep their families out of poverty. We talk about work ethic but what about social ethics? What kind of social ethic is it when full time work does not even earn you a decent living?

Another woman who testified at that 1987 hearing was Rena Blankenship, of New Castle, VA.

In 1981, Mrs. Blankenship supported her four children on a minimum wage job with child support help from her husband. She was even purchasing her own home, for $233 a month. When her oldest son was diagnosed with a brain tumor, she was forced to quit work.

Her husband's child support stopped. After 10 grueling months of surgery and hospitalization, her son died. By then her home had been repossessed.

After her son's death, she returned to work, earning $3.65 a hour as a delicatessen clerk at the local Safeway. She testified she "* * * could not make it. I realized you pay a bill this month and next month you skip it. It is hard to explain to your kids when they need a new pair of tennis shoes—you've worked for 40 hours and you do not have the money to pay for those tennis shoes."

Rena Blankenship could not make it. She acknowledged that "* * * it is really kind of degrading to sit here and say I am on welfare, but I do not have a choice. I cannot support three children on $98 a week."

Those two women testified before the Congress. But they stand for an army of men and women whose voices will never be heard here, women like a constitutent of mine from Biddeford, who is the sole support of a family of four. Her husband was unlucky enough to suffer a nonwork-related accident—so he is recuperating without compensation.

She works as a waitress from 35 to 40 hours each week, earning the Maine minimum wage of $3.75 an hour. The total household income for this family for the month of May will be $534.

From this, they must find $480 for rent; $95 for utilities; $16 for a telephone; $33 for medication for the husband—that is already $624, $90 more than their total family income, and there's no food included in this budget so far. The family, which includes two children, does not have a car.

Another constituent of mine works as a waitress in Caribou. She earns a little more than the minimum wage. Her gross monthly income is $736, working full time. But at $250 for rent, $150 for electricity, water, trash, and sewer charges, and $250 for daycare for two pre-school children, she has less than $100 a month for food, let alone anything else.

She lives in substandard housing, heated with an unsafe woodburning stove, because it costs too much to use electricity for heat.

She has no medical coverage, of course, and she does not have a car. Large bills at the local pharmacy forced her to ask for assistance—she has no credit left.

These are the people behind the statistics, statistics about income, wealth, work, and the minimum wage. These are lives being sapped of energy, of pleasure, of dignity.

We have before us a minimum wage compromise that does not even restore to workers at this level the rate of equity that the minimum wage represented 10 years ago.

We know that this modest increase is not the full answer. It will do nothing about the crippling health care costs people face, nor will it upgrade substandard housing. It will not overcome the polarization of wealth and income which divides our Nation.

Other and additional steps are needed. The earned income tax credit is sound and broadly supported. But even its proponents know that budget realities make it impossible to adopt that approach now. So instead, we have chosen this small step of upgrading the minimum wage by a modest amount.

Yet we face a veto threat because we have decided, by large majorities in both Senate and House, that these people should be paid 30 cents an hour more in 3 years' time than the President wants them paid.

Today's minimum wage represents the lowest percentage of average hourly earnings since 1949: It represents 36 percent of the average hourly wage.

Even with the increases provided in this bill, the minimum wage by 1991 will still equal only 46 percent of average hourly earnings.

This is a modest bill. It is modest in scope and in effect, and yet it faces a veto threat.

For the differences of 10 cents an hour each year—that is $4 a week; two gallons of milk; a little over three gallons of gasoline—for that, President Bush says he will veto this bill.

The measure represents a compromise. In place of the $4.65 hourly wage that the committees reported, the Senate and House adopted a 3-year increase to $4.55. At the President's insistence a subminimum wage, a 60-day training wage has been accepted—a precedent many of us believe to be gravely mistaken.

Yet despite the compromise, a veto is threatened.

By the time it is phased in, the conference report wage would restore 86 percent of the lost purchasing power of the minimum wage. The President's proposal would restore 81 percent.

It is ridiculous to suggest that this tiny difference constitutes a major difference on national goals and priorities. It does not.

So it is obvious that the reason for this threatened veto has little to do with the bill before us.

What is being tested here is political will. Such tests are not uncommon between a President and a Congress. They recur each time a new President takes office.

But when such tests of will occur, it is important that we consider whose interests are being sacrificed for the sake of this test.

When the disagreement centers on the interests of a large or well-represented sector or our Nation's economy or population, those affected know that their interests are at stake. They make themselves heard.

In this case, by contrast, those whose livelihoods are most at stake—the lowest-paid workers in America—are not a majority. They do not employ highly paid lobbyists.

For 8 years the mere threat of President Reagan's veto was enough to keep their concerns off the floor of the Congress. These poor workers had no political clout, so they went unheard, their concerns unheeded.

Sadly, that still seems to be the case. It is their interests that are being threatened by this veto. Nobody in the White House, nobody in the Senate will be affected by no increase in the minimum wage. No one here, no one there will feel the difference between $4 a week or less.

It is unconscionable and unfair to hold the weakest and most vulnerable workers in our society hostage in this way. There should be another, better way for this test of political will to be

conducted than at the expense of the poor.

I sincerely hope that President Bush reconsiders his choice of the minimum wage bill as the place to take a stand. For 8 years poor American workers have been denied any increase in their wages. In that time, inflation has eroded the value of their wages by 40 percent. Now they are about to be held hostage to the President's perceived political needs.

Surely there must be a better way.

The President and most, if not all, Members of Congress have never known hunger, never known need. Neither he, nor we, have ever lacked shelter. Neither he, nor we, have ever had to choose between sending our child to a doctor or a dentist.

Our good fortune and our present offices impose upon each of us a serious obligation. The President's good fortune and his present office impose upon him the same obligation.

And that is to try, to really try to understand and help meet the needs and fears of those Americans who do not share our good fortune, needs, and fears neither the President, nor we, can possibly have known, the needs and fears of people struggling to cope with the demands of day-to-day survival.

The President has not tried. He has not tried at all. If he had, he would not, he could not, veto this bill.

If the President wants to show how tough he is by vetoing a bill, let him veto a bill that does not hurt Shirley Slagle and Rena Blankenship and their children and the millions like them all across this country. They deserve better than that. America deserves better than that. In the name of decency and fairness, we should pass this bill and the President should sign it.

Mr. President, I yield the floor.

Mr. DURENBERGER. Mr. President, I rise today in support of the conference report on H.R. 2, legislation to amend the Fair Labor Standards Act of 1938 to restore the miminum wage to a fair and equitable rate. This conference agreement provides an increase in the Federal minimum wage from its current rate of $3.35 per hour to $4.55 per hour by October 1, 1991; an increase in the small business exemption; and the enactment of a realistic training wage.

As I have stated previously, I believe it is time for Congress to make a substantial increase in the minimum wage. For the last 8 years, we have experienced record economic growth in this country, and yet we have failed to change the current $3.35 per hour minimum wage to reflect that growth and the increased costs that have occurred during that time. Opponents of H.R. 2 cite the possibility that raising the minimum wage over the next 3 years could cause a loss of jobs and job opportunities. Perhaps if Congress had been doing its job over the last 8 years and had made some adjustments in the minimum wage, the effects of this legislation would not be nearly as severe as opponents claim. And, I am not convinced that this legislation will have such adverse effects.

When Congress first enacted a wage floor in 1938, it did so in order to ensure that working, productive Americans receive a wage that is sufficient to sustain them. Unfortunately, the current $3.35 minimum wage does not accomplish the goal of raising working Americans out of poverty, nor does the $4.55 level contained in this bill. However, H.R. 2 will restore some of the value of the minimum wage that has eroded over the last 8 years and will move us in the direction of ensuring a more livable wage.

In addition to the wage increases included in H.R. 2, this report also contains a simplification and increase in the small business exemption. Currently, small businesses with annual gross sales of less than $362,500 per year are exempt from the minimum wage requirements of the Fair Labor Standards Act. However, just as the minimum wage has eroded over the last 8 years, so has the value of the small business exemption. I am pleased that the conference agreement raises the small business enterprise test to exempt firms with annual gross sales of less than $500,000 per year, and provides a much-needed simplification of the small business exemption by eliminating several of the separate enterprise tests. It should now be much less confusing for small employers to determine whether or not they are subject to the minimum wage and overtime provisions of the Fair Labor Standards Act. And, I am hopeful that the small enterprise exemption will also provide relief to those firms, particularly in rural areas, that may be most affected by the increase in the Federal minimum wage.

The third main component of the conference report is the training wage. And it is this new initiative that causes me some concern. The training wage provision allows employers to pay a wage of 85 percent of the minimum for up to 2 months to those employees working in their first job. These 2 months of employment are deemed to be a training period, during which time the employee receives on-the-job training.

Mr. President, as I have stated before I have opposed a subminimum wage, and I disagree with those who believe in the necessity of the so-called training wage. However, unlike other training wage proposals we have debated recently, this one only applies to new entrants into the work force. It seems clear to me that there is an inherent training element and learning process that the new entrant acquires in his or her first job. In that sense I believe an employer should be allowed to pay a modest wage differential to a new entrant who must learn certain basic rules and disciplines about operating in the professional workplace.

For the above reasons, I am willing to support this 2-month first-hire training wage. However, I do so with the knowledge that it is temporary and that the Secretary of Labor will report to Congress on the effectiveness of the training wage after the wage has expired.

In addition to my reservations over the training wage portion of H.R. 2, I am concerned with the overall impact of the bill on rural areas and areas of high unemployment in this country. I see the debate over whether to raise the minimum wage as a regional issue rather than a partisan issue. It is the rural area that generally experiences a higher rate of unemployment, has a lower cost of living and has lower average income levels than does the metropolitan area. Unfortunately, comprehensive data on the minimum wage in rural areas does not exist. Therefore, I am pleased that the conferees adopted a modified form of my amendment requiring a study on the impact of increasing the Federal minimum wage on rural areas and areas of high unemployment. This study will be conducted by the Bureau of Labor Statistics and will provide us with relevant data which will be critical to future minimum wage debates.

I am also pleased that the conference committee agreed to adopt my amendment directing the Secretary of Labor to revise the definition of professional employee as it relates to computer programmers, systems analysts, and software engineers. Under section 13(a)(1) of the Fair Labor Standards Act, professional employees are currently exempt from the minimum wage and overtime requirements of the act. Professionals are defined as employees whose work is predominantly intellectual and varied in character. However, employees in the computer field are not considered professionals, because a 1973 ruling by the Secretary of Labor determined that the variation in standards and academic requirements in the computer sciences were too great. It is clearly evident that the computer science field has advanced dramatically over the last 16 years; therefore, I am glad that my colleagues agree it is time for the Secretary to review the definition of professional employee as it relates to highly skilled computer programmers, systems analysis, and software engineers.

Mr. President, the Senate is acting today to raise the Federal minimum wage from the current $3.35 per hour to $4.55 per hour by 1991. Because the $3.35 wage level has remained un-

changed since 1981, this legislation is vital for the restoration of some sense of equity to those Americans on the lowest rung of the wage ladder. It is not a perfect bill, but I support the conference report on H.R. 2 as the best option available to this Senator today. As I prepare to cast my vote in favor of the conference agreement, I remain disappointed knowing that it will be vetoed and that the long overdue increase in the minimum wage will be delayed once again. I only hope that Congress and the administration will be able to reach agreement on an acceptable increase in the Federal minimum wage and training wage soon.

Mr. JEFFORDS. Mr. President, I rise in support of the conference report now before us.

I do so with some reservations. I do not think that the training wage contained in the bill would prove workable. I do not think we have taken as comprehensive an approach to the real problems of the working poor as we need to take. We are fooling ourselves if we think that an increase in the minimum wage will have much of an impact on poverty in this country.

But my greatest concern is that this legislation will not become law, and that the subsequent debate on this issue will degenerate into empty political posturing.

I hope I am wrong. I support an increase in the minimum wage. Alternative approaches, such as changes in the earned income tax credit, will not reach the single- or two-person households. Those people, at least, need the support provided by a wage floor, and they need our support.

I hope, instead, that the President will work with Congress to reach an agreement on these issues that will mitigate the impact of an increase in the wage rate on the economy and provide for a meaningful training wage.

I hope that the President will exhibit some flexibility on the issue of the training wage. As one who has been interested in training issues for some time, I am not certain that it takes an unrestricted period of 6 months in which to impart minimum wage skills. What are we buying with this wage differential after the first month or two on a job? It seems to me that we are not buying much of any value.

I want to conclude by pointing out that there are some positive aspects to this legislation that I hope we will pursue regardless of the fate of this conference report. Thanks to the help of the distinguished Senator from Kentucky [Mr. FORD], and the distinguished Senator from Alaska [Mr. STEVENS], this body has gone on record, as has the other body, in support of applying the Fair Labor Standards Act to Congress. We have also moved to recognize the realities of the work force by providing an additional incentive to employers who are willing to engage in providing basic skills to their employees.

Mr. President, on balance I think this is a good bill, if not a perfect one. I hope, that in the weeks to come, we will be able to produce an even better one. For the meantime, I urge its support.

Mr. DOMENICI. Mr. President, I support increasing the Federal minimum wage and was pleased to vote for an increase in the minimum earlier this year. An increase in the minimum wage will give a needed boost to many of our poorest paid workers, and will take an important step toward helping move low-paid workers out of poverty.

Yet, I believe increasing the minimum wage should be done so with some caution, and recognition of a broader picture of how we can help the working poor.

We should never lose sight of our Nation's best program for helping the working poor—a strong, vibrant, and growing economy that is producing job opportunities. Strong job growth gives low-skilled, low-paid workers what they need the most—the opportunity to improve their work skills and work experience and improve their earnings.

In my State of New Mexico, workers have been benefiting from this job growth even though times are still tough. Our unemployment rate has dropped from 10.2 to 7.3 percent since January 1987. Over 50,000 more people are now employed from a work force of nearly 700,000.

I believe President Bush outlined an excellent proposal for raising the minimum wage, and I voted for that measure. It was crafted carefully to balance the need to raise the minimum wage, with the need to keep open many job opportunities for low-skilled workers.

Central to the President's proposal is his call for establishing a separate training wage at 80 percent of the full minimum for new hires during their first 6 months on a job.

I believe it is important to include such a training wage as the minimum is increased. It gives workers who are most vulnerable to job loss associated with increasing the minimum wage—low-skilled workers, starting in a new job—the opportunity to gain some work experience and skills, while assuring them the protection of the full minimum wage after they have gained that experience.

Last year I introduced an amendment to grant a similar training wage to participants in the Summer Youth Employment Program. This program is operated under the Job Training Partnership Act and in New Mexico last year helped 16,000 disadvantaged youths get jobs for the summer.

Mayors and Governors only have so much money to spend on these programs. Granting these program managers the flexibility to pay a training wage would give them the ability to give many more youths the very valuable experience of a first job.

In my State, Mr. President, we have roughly 50,000 to 100,000 New Mexicans at or near the minimum wage. Many of these workers are young people, getting experience at their first job. A good number of them are employed in our tourist industry, and by the many small businesses that are the backbone of New Mexico's economy.

An increase in the minimum will help many of these workers, but we should keep in mind the impact this will have on employers' ability to offer jobs to our young and unskilled workers.

The potential impact on jobs concerns me most when we consider the proposal before us today together with some of the other burdens we have placed, and are considering placing, upon employers.

During tax reform we passed the so-called section 89 rules designed to make sure all employees have access to fringe benefits. Many employers are having such a problem with the rules they are dropping benefits, and we are considering repealing that measure.

Proposals are also on the agenda to mandate employee health benefits and parental leave benefits. The cumulative effect of all these mandates would be very detrimental to job growth in New Mexico and across the Nation.

We must consider this legislation in the context of all mandates we are considering imposing on employers.

Mr. President, I am pleased we are acting to increase the minimum wage, but I fear the training wage provisions in this measure are not sufficient to make sure we keep job opportunities for the working poor growing. Therefore, I cannot support this bill, and I hope the Senate will soon move to adopt the President's proposal.

Mr. ADAMS. Mr. President, I support the conference report to accompany the Fair Labor Standards Amendments of 1989. This is a badly needed and long overdue bill. For 8 long years, wage earners at the lowest level of our wage scale have been without an increase. During that period, the purchasing power of the minimum wage has decreased by almost 40 percent.

Department of Labor data indicates there are more than 14 million hourly wage earners in this society who earn less than $4.65 per hour. Sixty-three percent are women. A disproportionate share of these workers are black and Hispanic. And contrary to popular belief, the majority of these workers are not teenagers. In fact only 27 percent of those earning less than $4.65 are teenagers.

We have had ample time to discuss, debate, and amend this legislation. The conference committee has adopted a reasonable training wage insisted upon by the White House. The time has come for this body to vote on a matter of simple economic justice. After 8 years of inaction, we are now presented with a compromise bill which tells wage earners they are valued. That value should not be continually eroded by the forces of inflation and legislative inaction.

We are all aware of the threat of a veto by President Bush. I hope, for the sake of 14 million working men and women that it is a bluff. If it is not, I hope the President will reconsider. I am confident that in sending this legislation to the President we have fulfilled our obligation to those working men and women. Whether the President is prepared to make good on his promise for a kinder, gentler nation remains to be seen, and this long overdue increase in the minimum wage provides him an early opportunity to show his actions are consistent with last autumn's rhetoric.

Mr. BIDEN. Mr. President, opportunity has always been the engine of our society. When Americans are greeted by a horizon filled with possibility they respond to every challenge with energy and enthusiasm. Americans who rise to meet the daily challenges of their workplace deserve the guarantee of a fair day's pay at a decent livable wage. This guarantee provides an opportunity and an incentive for self-improvement. We all benefit when incomes are sufficient to allow workers to apply their own wages toward improving their own well-being.

Since 1981, when the minimum wage was last increased, consumer prices have risen by more than 40 percent. The proposed increase we are passing today, H.R. 2, will not even fully recover the value of wages eroded by inflation since 1981. This is no windfall for workers, but rather a truly minimum fair wage.

Predictions of job loss from an increase in the minimum wage have always been highly exaggerated. Dire predictions have preceded every increase in the minimum wage and they have been consistently wrong. In this instance the administration's job loss statistics are also considerably overstated. They fail to account for the fact that 12 States, including California, have already raised their minimum wage. In addition, they do not take account of the shrinking labor market, which makes extensive job loss highly unlikely.

In order to provide an incentive for minimum wage earners and to offset even marginal job losses, H.R. 2 includes a training wage, which will allow employers to pay a lower wage for up to 60 days. The bill also includes several exemptions for small businesses. Employment statistics have shown that 60 days is more than enough time for the provision of meaningful training to workers.

If the American dream means anything, it is that, when a man or woman goes out and takes a job and works at it day in and day out, that person should bring home a decent wage. Too many Americans today work without the guarantee of a truly decent and fair day's wage. A failure to provide a minimum wage increase will perpetuate this injustice.

Mr. CHAFEE. Mr. President, a little more than 1 month ago in this Chamber I voted for final passage of the minimum wage bill because I believed then as I do now that an increase is long overdue. Today, I will vote for the minimum wage conference report to raise the minimum wage to $4.55 an hour, but I will do so with misgivings.

First, the training wage provision contained in the conference report troubles me. It would apply only to first-time workers and would last only 60 days. I don't believe this training period is long enough. The purpose of the training wage is to improve the skills of workers so as to give them a better chance in life. The President's 6-month training wage proposal, on the other hand, which would apply universally to all new employees whether or not this is their first job, is more meaningful.

Second, the creation of the five-member Minimum Wage Review Board is unnecessary. To my mind, it is inappropriate to create a commission that will cost American taxpayers at least $500,000 a year, given our horrendous budget deficits. In addition, it seems to me inconsistent to pay members of this board an $86,000 annual salary when they will be recommending wage increases for Americans who will make $4.55 an hour. This is a costly and unfair provision.

Notwithstanding these concerns, I will vote for the conference report because America's working poor have waited too long for an increase. But having said that, I want to be clear about the fact that I will also support the President if he vetoes this bill as expected.

The President firmly believes that that a wage increase of this size, without a meaningful training wage, will decrease job opportunities and hurt those very Americans it purports to help. I had hoped the President and Congress would be able to reach agreement on the level of the increase, and am disappointed that it may take a veto to bring about an increase acceptable to all.

If the President's veto is sustained, I am confident that we will still have an opportunity to reach agreement on this issue and help America's working poor.

Mr. LAUTENBERG. Mr. President, I want to express my support for the Fair Labor Standards Amendments of 1989.

Mr. President, the debate over the minimum wage strikes at the very heart of our national consicence. We are asked when and how much the minimum wage should increase, and what kind of training wage there should be. But the fundamental issue is whether our Nation chooses to protect the least fortunate among us by restoring a meaningful wage floor.

The facts are clear for all to see. The current minimum wage is embarrassingly low. Established over 8 years ago, the $3.35 rate has lost more than 40 percent of its purchasing power. In reality, today's minimum is simply insufficent to support a family of three above the poverty level.

The Department of Labor's own calculations reveal that minimum wage jobs rarely require more than 30 days training. The high turnover of these entry level jobs is further evidence that very few days are required to bring new minimum wage employees up to speed. A training wage more extensive than that in the conference report is simply unsupported by the realities of the labor market.

Given this information, on what basis is the bill opposed? Why oppose a significant increase to the minimum wage, and favor a training wage that would lock-in the current minimum for many workers for years to come?

Opponents do not state that the Federal Government has no business mandating a minimum wage that protects workers from exploitation. But defeat of the bill undermines such protection.

Instead, they base their opposition on concern for the very men and women for who the benefits of the minimum wage are intended. In spite of record jobs creation over the past several years, looming labor shortages, and overwhelming historical evidence to the contrary, they contend that a meaningful increase in the minimum wage is unwise because it will result in lost entry level jobs.

Mr. President, this is an argument that at best is misguided. Might not such concern for the Nation's low-wage workers be better served through support for improved public education for our inner-cities, increased spending for job training, improved health care for the needy, more public housing for the homeless—and a minimum wage that reflects today's cost of living?

Mr. President, I urge my colleagues to support this bill and restore the Nation's minimum wage.

The PRESIDING OFFICER. Who yields time?

Mr. MITCHELL. Mr. President, I yield back the remainder of the time,

and I ask unanimous consent that the vote commence now.

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

Under the previous order, the hour of 4 p.m. having arrived, the question is on agreeing to the conference report on H.R. 2.

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislation clerk called the roll.

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

The result was announced—yeas 63, nays 37, as follows:

[Rollcall Vote No. 68 Leg.]

YEAS—63

Adams	Exon	Matsunaga
Baucus	Ford	Metzenbaum
Bentsen	Fowler	Mikulski
Biden	Glenn	Mitchell
Bingaman	Gore	Moynihan
Bradley	Graham	Nunn
Breaux	Harkin	Packwood
Bryan	Hatfield	Pell
Bumpers	Heflin	Pressler
Burdick	Heinz	Pryor
Byrd	Inouye	Reid
Chafee	Jeffords	Riegle
Cohen	Johnston	Robb
Conrad	Kennedy	Rockefeller
Cranston	Kerrey	Sanford
D'Amato	Kerry	Sarbanes
Daschle	Kohl	Sasser
DeConcini	Lautenberg	Shelby
Dixon	Leahy	Simon
Dodd	Levin	Specter
Durenberger	Lieberman	Wirth

NAYS—37

Armstrong	Grassley	Murkowski
Bond	Hatch	Nickles
Boren	Helms	Roth
Boschwitz	Hollings	Rudman
Burns	Humphrey	Simpson
Coats	Kassebaum	Stevens
Cochran	Kasten	Symms
Danforth	Lott	Thurmond
Dole	Lugar	Wallop
Domenici	Mack	Warner
Garn	McCain	Wilson
Gorton	McClure	
Gramm	McConnell	

So the conference report was agreed to.

Mr. KENNEDY. Madam President, I move to reconsider the vote by which the conference report was agreed to.

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

The motion to lay on the table was agreed to.

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

If the majority leader will withhold, the Senate is not in order.

The distinguished majority leader.

MORNING BUSINESS

Mr. MITCHELL. Madam President, I ask unanimous consent the Senate now enter into a period for the conduct of morning business until 5 p.m., with Senators permitted to speak therein for up to 5 minutes each.

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

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. FORD. Madam President, I thank the Chair. I will only take a few minutes.

(The remarks of Mr. FORD pertaining to the introduction of legislation are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

HOW TO AVOID TURNING INDUSTRIAL RETREAT INTO SURRENDER

Mr. HEINZ. Madam President, a quite interesting column by Jodie Allen appeared in the Washington Post on May 10, entitled "Regaining America's Dulled Industrial Edge: The Answer Is Right Here at Home." The essence of the discussion can be found in the first sentence of that article:

> If U.S. companies are really worried about this country's retreat in international markets, there is one obvious thing they can do about it: Commit themselves to reducing their dependence on foreign suppliers.

To the extent this is a recommendation for kind of a voluntary Buy America Program, coupled, of course, with a sustained effort by American industry to maintain competitiveness in terms of both quality and price, then I am all for it. More interesting, however, is the column's discussion of why this has become a problem.

Essentially, what we are seeing in the United States is a continuing pattern of industrial retreat. Foreign producers target an industry and through aggressive—and sometimes illegal—pricing practices force down the return on investment for U.S. producers and build up foreign producers' market share. The result is that American firms retreat from that sector, and foreign producers move on to a new one.

In some cases these foreign victories have come about after blatantly illegal dumping and the continued failure of our Government to address it. I refer to the television industry, which has been decimated not through a lack of competitiveness but through unfair trade practices. Other foreign targeting has occurred in critical sectors like machine tools, bearings, and semiconductors, and we are seeing similar efforts in aircraft via Airbus, and, I predict we will increasingly see them in computers. Indeed, the same day this column appeared, the Post also had an article pointing out that for the first time Japanese total electronics production nearly matched that of the United States. In computers, foreign market share rose from 35 to 45 percent last year.

In each of these cases we are seeing a new phenomenon in Washington—the blurring of the distinction between American interests and foreign interests. The new lobbyist on the block, as it were, is the domestic user of foreign parts—foreign chips, foreign bearings, foreign machine tools, and so on. He has an interest in continuing our industrial retreat because he has already surrendered—he depends on foreign sources for his parts.

Fighting back, as we have done with the semiconductor agreement, the machine tool VRA's, and the bearing dumping determinations, to mention three examples, is expensive for those who use foreign parts because it increases their prices. As a result they often oppose these efforts, even if they are mandated by law as in a dumping finding, in the interest of the easier path of continued retreat.

This is part of the classic conflict in our country between short-term and long-term considerations. Our industrial analysts and economists are frequently critical of American business' emphasis on short-term returns and lack of long-term planning. Domestic users of foreign components display exactly this same shortsightedness. They are more concerned with next quarter's prices on their parts than they are with the long-term preservation of viable, technologically competitive industries.

The tragedy of this conflict, as Allen's column points out, is that the cost of our action is high precisely because we have delayed so long in taking it. If we had acted decisively on semiconductors, machine tools, televisions, and bearings when the problems began instead of when it is almost too late, we could have achieved our objectives with minimal disruption. Instead our Government chose to wait until we were in crisis, expecting the market system to solve the problem. In fact, the market will only solve the problem if all parties are using the same set of rules. If the Japanese, for example, and they are involved in most of these cases, do not practice American market principles in their own economy, it should come as no surprise that they do not immediately adhere to those rules here.

The result is what Akio Morita of Sony Corp. has called the "hollowing out" of American industry. Allen's column is correct that part of the solution to that must come from American industry itself—and I agree with that. But there is also a lesson for Government here. We are facing a new generation of these problems in the high value added growth industries of the future: Supercomputers, telecommunication, aerospace, and HDTV—high-

definition television to name only a few.

If we wait for some celestial macroeconomic mechanism to solve these problems, we will find ourselves with no industries at all. Tackling these problems early allows us to solve them with minimal cost and disruption. If we wait, as we always seem to do, the solutions are much more expensive and controversial, but we will have to take them anyway. I hope that when the next such situation rolls around—whether it is computers or something else—that perhaps the many cases that have gone before have indeed taught us a lesson. What I am talking about is not industrial policy. It is simple survival, and it is a lesson we had better learn.

Madam President, I ask unanimous consent that the column and article I referred to be printed in full in the RECORD.

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

[From the Washington Post, May 10, 1989]

REGAINING AMERICA'S DULLED INDUSTRIAL EDGE: THE ANSWER IS RIGHT HERE AT HOME

(By Jodie T. Allen)

If U.S. companies are really worried about this country's retreat in international markets, there is one obvious thing they can do about it: Commit themselves to reducing their dependence on foreign suppliers.

Of course, this is far more easily said than done. But saying it—beginning discussion among U.S. corporate executives about the possibility of such a commitment—may be the first step toward a needed correction in this country's industrial structure.

American firms have not turned to foreign suppliers for lack of patriotism. They did it because European and Asian producers offered better quality, faster delivery, lower prices and, increasingly, more advanced technology. This openness to foreign sources has, additionally, put competitive pressure on domestic producers, restrained inflation and introduced new flexibility into the American economy—all of which, in turn, seems to have reduced our vulnerability to recession.

But pursuit of these benefits from foreign sourcing seems to have reached—indeed passed—the point of diminishing returns. What started as a more or less orderly retreat from low-valued-added, low-tech production has now turned into a total rout at the outer reaches of high technology. Curiously, it is a Japanese corporate leader, Sony's Akio Morita, who has been most outspoken in concern that America is becoming overly dependent on foreign sources for key technology.

Morita, who has long warned about the "hollowing out" of American industry—its creeping acceptance of the role of final assembler and marketer to American consumers—recently raised the subject in a meeting at the Japanese consulate in New York with American Express CEO James D. Robinson, Blackstone Group Chairman Peter G. Peterson, international consultant Henry Kissinger and Washington Post Co. Chairman Katharine Graham.

While the U.S. trade imbalance is still heavily weighted by automobiles and consumer goods, Morita pointed out that the fastest-growing imports are sophisticated machine tools and components—the building blocks of industrial strength. This pattern threatens not only further losses of high-productivity jobs, but also the impetus for innovation that flourishes best around the actual production process.

American firms, notes a new report from the MIT Commission on Industrial Productivity, have left themselves vulnerable to easy defeat over a broad front. The sequence of losses, write the authors of "Made in America: Regaining the Productive Edge," have "followed a stylized pattern."

American firms—with their eye on their stock prices and the value of executive options—set high goals for short-term return on investment. Foreign firms take advantage of that focus to "select a market segment and by aggressive pricing force down the return on investment while building market share. Within a short period the American firms retreat from the market segment. The foreign firms then move on to set aggressive prices in some other segment and the Americans once again retreat."

Already this dependence on foreign suppliers is well-established—witness the divided loyalties that brought many U.S. firms to the defense of Japanese suppliers when the U.S. government belatedly tried to retaliate against the dumping of Japanese semiconductors and to punish Toshiba for selling vital technology to the Soviets.

And independence will not be easy to reestablish. As the MIT study suggests, Japan and, to a lesser degree, the other super-surplus countries of Europe and Asia, are well-positioned to block such attempts, thanks to the enormous capital resources that their captive home markets and penetration of the rich U.S. market have earned them.

Still, the greatest block may well be the mindset that U.S. corporate leaders have absorbed from their purchasing agents and middle management. Driven to buy the cheapest components world markets can offer, firms have walked away from enormous investments in U.S. plants and equipment for relatively small unit savings. In his new book, "The Silent War," for example, Ira Magaziner describes how General Electric sent its own engineers to help South Korea's Samsung develop world-class quality in its fledging microwave industry, with the result that GE soon after abandoned its own expensively modernized microwave plant in Maryland in favor of Korean sourcing.

Still, as Magaziner also describes, that course isn't the only one that U.S. companies can take—and, in a few cases, have taken—with notable success. Corning Glass, for example, devoted almost two decades of mammoth investment to establishing its leadership in fiber optics. And in the case of refrigerator compressors, GE chose to stand and fight, investing heavily to develop new technology and retrain Tennessee workers to maintain its competitive edge.

While small unit price differentials can easily be magnified by the standard percentage markups applied at each stage of production and marketing, that's not an unalterable pattern. Companies in both manufacturing and services can, and frequently do, shift savings from outside sources to beef up resources in another area, such as advertising, when such shifts seem a better long-term strategy than cutting prices.

Perhaps it's time to shift resources in the other direction—to buy time to modernize high-cost domestic production just as Japanese manufacturers did after the long overdue rise in the yen squeezed their profits. After all, short-term savings from foreign sources may be tempting, but they can readily disappear if foreign producers decide to demand the higher profits to which their monopoly position entitles them.

What's needed is a genuine commitment to redeveloping home-grown capacity—not just the pious mouthings of determination to restore U.S. competitiveness (followed by a litany of grievances against U.S. tax and fiscal policies) that have become standard fare at industry gatherings. And that commitment might well start with U.S. producers sitting down with their suppliers to develop agreements guaranteeing producers a stable, high-quality supply of components within an acceptable price range in return for the guarantee to suppliers of a stable long-term market for their wares.

Yes, U.S. industry has some legitimate complaints—primarily with the bizarre fiscal policies of the Reagan administration, which pushed interest rates and the U.S. dollar so high that competitive U.S. producers were driven out of well-established markets. And U.S. policymakers have been far too cavalier in ignoring the far more active role that foreign governments play in assisting their industry through protected home markets, assured financing and compliant regulation.

But government policy did not cost U.S. firms their preeminence in world markets and it will not suffice to restore it. That job has to start in corporate boardrooms.

JAPAN CUTS UNITED STATES LEAD IN ELECTRONICS

(By Steve Wilstein)

ALAMEDA, CA, May 9.—Japan approached another milestone in its rise to economic supremacy last year, nearly matching the United States in total electronics production, according to a research firm that forecast a bumpy road ahead for America's biggest industry.

Japan produced $250 billion worth of electronic goods—everything from computer chips to copiers and facsimile machines—while the United States barely stayed ahead with $262.8 billion, Dataquest Inc. said today in its annual industry analysis and forecast.

"This year we have seen some incredible things take place," said Manny A. Fernandez, president of San Jose-based Dataquest, who called Japan's surge toward the top in overall electronics production more significant that its recent dominance of the semiconductor industry.

Apple Computer Inc. passed International Business Machines Corp. in unit sales of personal computers in the United States in 1988, Fernandez said. But the big news in that arena, he said, was the penetration into the U.S. market of South Korean and Taiwanese computer makers.

On a day when Apple announced new software and IBM unveiled a cheaper personal computer and a portable one, Dataquest said both companies lost U.S. market share in 1988 to foreign vendors, whose sales grew from 35 percent to 45 percent of the U.S. total.

The personal computer market, which grew 27 percent worldwide to $51.7 billion and 22 percent in the United States to $28.7 billion, will continue to grow impressively in 1989, Dataquest said. Growth in the U.S. market will be 25 percent in 1989, and 12.6 percent compounded annually through 1993, the company said.

Laptop computers will be the fastest growing part of that market, said Fernandez.

American companies will have to change their marketing strategies, however, to recover lost market share, said Fernandez.

"The era when it was the technology strength of one giant company against another, those days are pretty much over," Fernandez said. "It has become a marketing game. It has become a game of pricing, a game of software supply, service and distribution channels."

The PRESIDING OFFICER. The distinguished Republican leader is recognized.

AMENDMENTS TO THE THRIFT BAILOUT BILL

Mr. DOLE. Madam President, I know that doing "favors" for friends in the thrift industry is a tradition here on Capitol Hill, but I thought we would have learned our lesson by now. Unfortunately, I was dead wrong. The President's S&L reform package—passed by the Senate last month and now being considered by the House—has become so littered with special interest amendments that it would make the local junkyard look like a well-kept lawn.

THE AMENDMENTS

Both the Senate and the House have to share the blame for littering the President's bill. Last month, Members of the Senate were running over each other to offer their own set of special interest amendments. Now, the House Banking Committee has gotten into the act.

The House Banking Committee—for example—has adopted an amendment that would exempt Sears, Roebuck & Co.—and only Sears—from the affiliated transaction provision in the President's package. This exemption may mean millions of extra dollars for Sears and millions of lost dollars for its competitors. So-called affiliated transactions were also responsible for some of the worst abuses in the thrift industry over the past decade.

Still another amendment would allow a savings and loan in Beverly Hills to maintain its junk bond business. And a bank in San Antonio can now breathe a sigh of relief: The House Banking Committee adopted an amendment specifically designed to shield some of the bank's assets from the FDIC.

SPECIAL INTEREST LEGISLATION

Some Members may think that special interest amendments are just part of the game. But I think it is about time that Congress changed some of the game's rules. It's about time that Members of Congress start blushing when they push special interest legislation, particularly on a matter as important as the President's thrift reform package. And it's about time that Congress starts doing favors for the taxpayers, who are going to have to foot a large portion of the bailout bill.

THE COSTS OF DELAY

We have all heard the numbers before. The costs of delay are enormous. Some experts have estimated that each month of delay will cost the taxpayers $500 million. That means about $10 to $20 million each day.

And let us face it. Congress has not done much this session. Here in the Senate we spent a good amount of time on our pay raise, on the Tower nomination, on the minimum wage.

These are important issues. But there are few issues of greater importance today than solving the financial crisis in the thrift industry. So I urge my colleagues in the House to address this crisis by moving swiftly on the President's reform package.

CONCLUSION

I would like to make one final point here. We must remember that special interest legislation was a big reason for the thrift industry's financial woes in the first place. Congress must learn from this experience. Congress—and the taxpayers—cannot afford to repeat the mistakes of the past. And Congress must act responsibly—and swiftly—as it continues its consideration of the President's thrift reform package.

Madam President, I ask unanimous consent that an editorial from today's Wall Street Journal about these special interest problems be printed in the RECORD.

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

CONGRESSIONAL CRACK

It may be the most horrifying sight in Washington, D.C.

A gang is huddled together conspiring to steal from honest citizens to finance its costly addictions. The damage this activity does to the economy could easily run into the hundreds of billions of dollars. Someone better call Bill Bennett, the drug czar, and get him to send a posse of U.S. marshals after the city's worst addicts—who are holed up in the Rayburn House Office Building.

We're talking, of course, about the Members of Congress now working on the savings-and-loan bailout bill. What they are doing is simply incredible. Faced with the task of trying to clean up this extraordinary mess, many of the Congressmen are instead cutting deals with pushing expensive special breaks for favored constituents. You'd think just once they could resist this crummy behavior. But no, doing deals seems to have become a form of Congressional crack.

Henry Gonzalez (D., Texas) used his post as chairman of the House Banking Committee to benefit the biggest bank in his hometown. He got an amendment to protect Frost National Bank of San Antonio and other insured banks it owns from the Federal Deposit Insurance Corp. in case some of its other thrifts become insolvent. Others added similar provisions to benefit subsidiaries of Chemical Bank of New York and First Interstate Bank of Houston.

Carroll Hubbard Jr. (D., Kentucky) made the day for mortgage bankers by getting an amendment extending federal insurance to the risky escrow accounts of mortgages sold by thrifts. At the request of the mobile home industry, Bill Nelson (D., Florida) joined Rep. Hubbard to require federal regulators to make allowances for bad loans for "low and moderate income housing"—defined to include mobile homes. Peter Hoagland (D., Nebraska) has an amendment that would exempt four specific limited partnerships (including Merrill Lynch and PaineWebber) from liability if thrifts they take over flop. Claude Pepper (D., Florida) got help for affiliates of Citizens Federal Savings of Miami.

Other Congressmen got exemptions from new accounting standards for credit unions, new advantages for insurance companies competing with banks for pension fund deposits and big breaks for insurers who were foolish enough to write liability policies for thrifts.

It's real chutzpah for Members to use the excuse of the S&L crisis to put new burdens on the deposit insurance system. After all, there is a good case to be made that Congress created the problem in the first place. Deposit Insurance is another way of saying Government-Subsidized Risk Taking by Bankers. This can work only when regulators are free to do their jobs. Congress literally broke the banks when—led by Speaker Jim Wright—it encouraged local thrifts to make lousy loans with its defeat of tougher legislation and its intimidation of regulators who warned that things were getting out of hand.

It's not too late for the Bush Adminstration to make the point that banking is too important to let it fall into the clutches of politicians. As we've urged, the thrifts should be fully privatized, with a new system of private deposit insurance. Indeed, the best argument yet for privatization is this spectacle of Congress treating the bailout as mainly a chance to do more deals at public expense.

TROUBLE DOWN ON THE FARM: FEDERAL CROP INSURANCE HORROR STORIES

Mr. DOLE. Madam President, an article on the front page of the Wall Street Journal Monday calls attention to some very serious and disturbing problems with the Federal Government's crop insurance program for America's farmers.

In a time of limited Government resources and a massive Federal debt, it is painful to read how hundreds of millions of the taxpayers' dollars have been lost due to fraud, mismanagement, miscalculation, and unbelievable carelessness at the Federal Crop Insurance Corporation.

As one FCIC manager admitted in the Wall Street Journal report, "We got taken to the cleaners."

The Federal crop insurance is not sold by the Government. Private companies actually sell it, but the Government reinsures these companies against most of the risk and reimburses them for 34 percent of their administrative expenses. Is it any wonder that the program has been labeled a fiasco by the Wall Street Journal.

It is doubly sad because it distorts the very real problems drought, hail, frost, and other natural hardships can bring to America's crops and their producers. Wheat farmers in Kansas this year, for example, are facing one of the bleakest crops in history after a winter- and spring-long drought. These hardworking men and women will need help, including some kind of Federal relief.

For instance, we hear of one farmer who collected a huge check for freeze damage, a month after his crop was harvested; of producers who collected insurance for crops raised on irrigated fields, even when irrigated crops do not qualify for insurance coverage; of miscalculation of crop insurance programs that has resulted in windfalls for scores of farmers; and of other horror stories that cry out for a major program overhaul.

No doubt about it, the costs of a drought—as we saw last year—can be staggering; and there is no cheap way to help cover the cost of natural disasters. We understand that fact.

Yet, in the face of these legitimate needs, the taxpayers of America can't be blamed for turning sour—and angry—at the costly shennanigans of some dishonest producers and bungling bureaucrats; and the taxpayers wouldn't be wrong if they demanded a Federal investigation.

Mr. President, the FCIC is reportedly trying to fix some of these problems. It now has a Compliance Division to help with loss adjustment oversight. The Crop Insurance Commission—established by Congress last fall to review FCIC troubles—has made a preliminary report that already includes 26 recommendations. Its final report is due July 1, and I will be eager to read it.

Unfortunately, the taxpayers have shoveled out $2 billion during the past 8 years to cover the FCIC tab. Of course, Congress is part of the problem, too. It can't say no—to anyone, including uninsured farmers.

So, it is a lethal combination for the taxpayers: too much Congress, too much spending, and too much incompetence at the FCIC.

Let us do all we can to make certain this nightmare doesn't happen again.

Madam President, I ask unanimous consent that the entire Wall Street Journal article be printed in the RECORD.

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

FARM FIASCO: CROP-INSURANCE FRAUD AND BUNGLING COST U.S. TAXPAYERS BILLIONS

(By Bruce Ingersoll)

Buying federal crop insurance really paid off for a Florida tomato grower not long ago. After a big freeze blew in, he collected more than $300,000 in frost damages. But federal auditors found just one problem: They say the grower had harvested most of his crop at least 39 days before the freeze hit.

The taxpayers were the ones who actually got left out in the cold.

Such chicanery, along with a lot of other problems, are dogging the Federal Crop Insurance Corp., a little-known Agriculture Department agency that has quietly managed to lose hundreds of millions of dollars a year. The FCIC is coming off its worst year in half a century of insuring farmers against natural disasters. Fraud, underwriting blunders and errors in paying claims are sapping the program and have been exacerbated by the 1988 drought and the huge number of claims that ensued.

To say nothing of bureaucratic bungling. A single FCIC underwriting error in 1981—still only partly corrected—has helped produce about $600 million in claims so far. The agency made the mistake of calculating crop yields for soybeans based on its experience in the Midwest. The formula, later used to insure soybean growers nationwide, worked fine in places like Iowa. But in the South, where farmland isn't as fertile and yields are normally lower, it was a bust—at least as far as the FCIC was concerned.

OFF TO THE CLEANERS

"We were under pressure to expand the program," says John Marshall, the FCIC manager. "It turns out we were overinsuring. We . . . really got taken to the cleaners."

The General Accounting Office has discovered other, expensive snafus. FCIC rules say farmers can't collect drought claims on crops that are irrigated. But, over a three-year period, that's exactly what the GAO thinks 3,000 farmers did—to the tune of $17.9 million in claims. Had the FCIC been reviewing its computer tapes on loss data, it might have caught these errors.

As a result of such problems, the crop-insurance agency required a $900 million bailout last fall to stay afloat, an event that was unpublicized. That put the total expense to taxpayers for the past eight years at $2 billion, surpassing earlier government aid dispensed to Chrysler Corp. or the troubled Farm Credit System banks.

The situation promises to get worse before it gets better. "We're running enormous losses on a number of crops virtually all across the country," says Michael Forgash, an agency official. At the same time, lawmakers are running out of patience with the agency and mapping plans to try, again, to make it self-sustaining.

A ROLE FOR CONGRESS

Congress revamped the agency nine years ago, and expected it to insure at least half of the nation's crop land and, at the same time, to pay for itself. It hasn't done either.

But Congress is partly to blame for lower-than-expected participation by farmers. It has repeatedly rescued uninsured farmers during disasters, particularly droughts in election years. Last year, Congress voted a record $4 billion drought relief package. To Rep. Glenn English, an Oklahoma Democrat, that package underscores "the glaring shortcomings in a program that was designed to do away with disaster-relief emergencies once and for all."

As frustrated lawmakers move toward yet another overhaul, 8,000 agents are pedaling federal crop insurance for 50 crops, ranging from flax to figs. A farmer can insure 50% to 75% of his normal yields against everything from grasshoppers to grass fires.

But even with the government footing about 30% of the premium costs, federal crop insurance, which began as a New Deal experiment, isn't popular with farmers. Last year, only 26% of the eligible cropland was insured. "It's looked upon as something that maybe just poor farmers take out," says David Nix, a spokesman for a group of Texas cotton growers. Farmers also complain about the program's red tape and high costs.

BUSINESS IS UP

Sales of the insurance have picked up this year, partly because of jitters about another drought. And Congress is now requiring many farmers who collected disaster payments last year to sign up for the minimum level of coverage this spring. The FCIC hopes to hit its target of insuring half of the eligible land this year for the first time, with the value of insurance coverage jumping to $12 billion from $7 billion last year.

Even so, the odds of the agency breaking even are next to nil. Typically, two-thirds of the coverage sold is "actuarially unsound," the FCIC acknowledges. "There are systemic problems," the agency's Mr. Forgash says. "We just don't have adequate information to rate the premiums properly. The rates on two-thirds of our business are out of line with the risks we're assuming."

The prospect of so much insurance boomeranging on the government appalls private insurers. "Their actuarial division in Kansas City has no idea what they're doing," contends W.D. Classen of Rain & Hail Insurance Service Inc., a major insurer based in West Des Moines, Iowa. "The policy provisions they write actually deliver taxpayer dollars by the carload to farmers who don't deserve it."

Though speaking well of Mr. Marshall, the fourth FCIC manager in eight tumultuous years, many insurers disparage the agency's bureaucracy. From the top level on down, argues Eugene Gantz, executive vice president of the American Association of Crop Insurers, "they don't know insurance and don't profess to know it."

Federal crop insurance isn't sold by the government. Instead, most is peddled by private firms called "reinsured" companies. They underwrite their own insurance and handle loss adjustments. But the FCIC reinsures them against most of the risk and reimburses them for 34% of their administrative expenses. The practical result: The government absorbs most of the losses the companies experience.

The reinsured companies now sell about 80% of all federal crop insurance, a share that has grown over recent years, as a result of Ronald Reagan's push to privatize this sort of enterprise. The remaining 20% or so is sold by another group of private companies, called "master marketers," which essentially act as the FCIC's sales arm but, unlike the reinsured companies, don't bear any of the risk.

SLOW TO POLICE

Overpayment of loss claims by the reinsured companies has long been a big problem for the government. But the FCIC didn't set up a compliance division until 1986 to audit adjusters and ferret out abuses by farmers and agents. The oversight efforts still don't measure up, according to a GAO report. Compliance officials were found last year to be reviewing claims from fewer than 10% of the counties where reinsured companies do business. In the case of one major insurer, the officials checked claims from just three counties out of the 1,500 where the company sold policies.

Now, it is evident that taxpayers have been paying for years of sloppy work. In a 1987 audit, the Agriculture Department's inspector general discovered that 70% of 125 loss payments totaling $10.2 million were improperly adjusted, and as a result, farmers were overpaid by $5.1 million. Some company adjusters were caught in flagrant conflicts of interest. One handled his brother's loss claim; another took care of his own farm partnership's claim.

In a sampling of claims, GAO auditors found a similar pattern of errors: Adjusters with reinsured companies incorrectly settled 95% of 134 claims, many of which were overpayments. Of $9.4 million paid out, almost $3 million was underserved. In contrast, underpayments totaled only $32,000.

Many of the errors, according to the GAO, "were so obvious as to appear to have been intentional." One Montana farmer was allowed to buy federal crop insurance after his wheat crop had been devastated. His agent, by insuring a known loss, cost the government $69,000. An Oklahoma soybean producer planted 637 acres, then claimed losses on 897 acres, reaping a $30,000 overpayment. (The government has prosecuted only a tiny fraction of farmers caught defrauding the FCIC.)

FOLLOWING THE RULES

The GAO found the FCIC's own adjusters made numerous mistakes as well, but with one striking difference: Their errors were procedural and didn't cause big overpayments. Of $1.7 million paid on 37 claims, only $26,000 was underserved.

Overpayments "make us look terrible," acknowledges Michael K. Felt, the president of Crop Hail Management Corp., a Kalispell, Mont., reinsured company. But he says the industry's performance is much improved from two years ago.

"It's impossible for a loss adjuster, with these big acreages, to come out right on the mark," he says. It's also difficult to detect scams, such as farmers filing loss claims under the name of one entity and selling crops under another name.

In practice, however, there isn't any great incentive for vigilance on the reinsured companies' part, so long as the government eats the bulk of the losses. One company, for example, took a $17.4 million bath on crop insurance over a three-year period, but the government soaked up all but $55,000 of the loss, according to a House Appropriations Committee report. At the same time, the government paid the company, which the report left unnamed, nearly $35 million in administrative fees for selling and servicing the policies. So the company came out way ahead.

This doesn't sit well with FCIC veterans such as Thomas Link, a field director, who questions the program's direction: "Are we working for the producers out there or are we working to help some companies make money off the program?

THE DEBATE PICKS UP

Now, the program may be fast approaching a critical turning point. Many lawmakers believe that Congress, after years of ambivalence, will have to choose between crop insurance and ad hoc disaster relief. "We are going to do one or the other; we aren't going to continue doing both," asserts Republican Rep. Ed Madigan of Illinois, the ranking minority member on the House Agriculture Committee.

Currently, political sentiment favors revamping the FCIC once again and giving it another chance, if only because crop insurance, in theory at least, is cheaper than disaster payments. A congressional study commission, created under last year's drought law, is working on ways to improve the program and reduce its dependence on tax dollars. One goal will be to purge the program of absurd inconsistencies. Complains Jack Kintzle, an Iowa corn grower: "I cross county lines, and my rate on the same yield goes from $6 an acre to $13 an acre."

Meanwhile, the FCIC is bent on proving its critics wrong. For the first time, it is developing a comprehensive marketing plan to increase sales. To the relief of frustrated agents and baffled farmers, it has quit repeatedly changing its rules and regulations. It is redoubling its efforts to clamp down on loss-adjusters and dishonest farmers. And it is re-evaluating its rates and coverages to avoid "selling out the store from an actuarial standpoint," Mr. Marshall says.

Mr. DOLE. Madam President, let me indicate that as I read the article I think unfortunately the first thing up with the black eye is the American farmer. In probably some cases that is deserved where they participated in some fraudulent scheme to collect crop insurance when they should not have had it.

But many farmers do not like crop insurance. It cost a lot of money. You barely get your expenses.

I hope when the advisory commission makes its report in July we will have an emergency meeting of the Agriculture Committee on both the House and Senate side, take some of the recommendations made by the commission, correct some of the flaws in the FCIC Program, and make it available to farmers, and then rather than to pass a drought relief bill every year make certain that farmers have crop insurance.

We have had some Congressmen suggest we ought to go back after the crop has been destroyed and let farmers buy crop insurance. That is like saying to anybody else if your business burns down or your house burns down you do not have insurance on it, that is all right, you can buy it after the house burns down or after your business is destroyed. It does not make any sense. And most farmers, a great majority, understand that.

So I think Congress is going to have to be a little more responsible. We cannot insure every loss that occurs in America, whether they are farmers or nonfarmers. And farmers have a responsibility to protect their crops through crop insurance.

We need to straighten out the Crop Insurance Program. Once that is done, then Congress needs to come to grips with one basic issue. And that is if we are going to provide benefits to farmers as we do and as we should, in some cases, to preserve the family farmer, and once we straighten out the Crop Insurance Program, then I think it is time we suggest, if you are going to participate in the farm program, if you are going to receive thousands of dollars in Federal benefits because you participate in that farm program, there ought to be a requirement that you buy crop insurance. If you do not want to buy crop insurance, do not want to participate in the program, that is up to the producer. They should not be forced to do anything.

But if the American taxpayers, including farmers—they are taxpayers—are going to participate in Government programs and get Government benefits and we have a good Crop Insurance Program—we do not have one now; we will have one if Congress acts quickly on the advisory committee's recommendations and maybe some of our own—then I believe you would find farmers very willing to cooperate and very willing to make a judgment: If I buy crop insurance, I will go in the program. If I do not buy crop insurance, I am not in the program.

So I urge the Congress, when this commission does report on July 1, that we move very quickly to enact the recommendations to get the Crop Insurance Program under control, to make certain we have it properly staffed, and get rid of some of the incompetent people who have been responsible for the error. And I would suggest and certainly urge Secretary Yeutter to make this a top priority in the next few months.

I yield the floor.

GLOBAL WARMING

Mr. WIRTH. Madam President, the last months and, in fact, now years have been overwhelmed by the growing issue of global warming. People around the globe, from people in the United States to the British Cabinet, Mrs. Thatcher, governments in Europe, and increasingly citizens all around the world, are increasingly alarmed by the fact that the evidence points out that the greenhouse effect is real and the globe is getting warmer.

As that happens, Madam President, we have to look at the causes and begin to think about the solutions. Clearly, this is a problem of trace gases, various gases like carbon dioxide, methane, chlorofluorocarbons, going into the atmosphere and changing the nature of the atmosphere and the atmosphere becomes more and more like a greenhouse. Heat is held in, the Earth gets warmer, with implications that are absolutely staggering for our economy and for life on Earth as we know it.

The question is, what are we going to do about all this? The evidence is clear. What do we do?

The No. 1 problem for us is carbon dioxide, the burning of fossil fuels. And we are burning increasing amounts of carbon dioxide, increasing amounts of carbon dioxide going into the atmosphere. So clearly good public policy would suggest, good rational global

policy would suggest, that we ought to burn fewer fossil fuels and emit less carbon dioxide.

For us in the United States, this presents very significant opportunities, significant opportunities to do better in the way in which we burn fossil fuels to conserve and to emphasize fuel efficiency. For us the two greatest areas that are possibilities are, one, transportation and, second, building standards in which we in the United States waste a great deal of energy.

We are, for example, in our economy about 50 percent as efficient in the use of energy as our trading competitors, the Germans and the Japanese are. In other words, it takes two units of energy to produce a unit of gross national product in the United States; one unit for the Japanese or the Germans. Not a perfect parallel, of course, but it is instructive in the fact that we have a great deal of room, particularly in the area of building standards and transportation.

Today, the Bush administration took, I believe, a very progressive and smart step when they agreed not to roll back the CAFE standards of automobiles. The previous administration, the Reagan administration, had told us that the CAFE standard, or the corporate average fuel economy standards—that is the average-mile-per-gallon standard for a new automobile coming out of Detroit. That standard, which is set in the law at 27.5 miles per gallon, has been rolled back by the previous administration, using the discretion that they had, to around 26.

There has been some debate in the Bush administration as to what they were going to do. And, in a very welcome move, they announced today that they are going to maintain the current standard of 27.5 miles per gallon, certainly a progressive step up from where we have been over the last 8 years and I hope the beginning of a number of indications coming out of the administration of their concerns about global warming, global environmental issues, and the need for us to be much more efficient in the way in which we use fossil fuels and much more attention to the problems of carbon dioxide.

Now, will this increased fuel economy really help? Well, of course it will. For every mile per gallon of increased efficiency for the new cars coming off the assembly line, for every mile per gallon, we save about 400,000 gallons of oil per day and clearly the level of increase can go up pretty significantly.

According to the engineers in Detroit, in their testimony to us, according to them, we can go from the current 27½ to about 34 or 35 with significant ease. No technical hardship, no engineering changes are going to be required in the basic way in which we design and build automobiles. We can go from an average of 27½ to 34 or 35 with ease.

What will that mean? Madam President, if we go to 34 miles per gallon by the year 2000, from the current 27 to 34, or an increase of about 25 percent in fuel efficiency, no hardship, we will be savings about 400,000 barrels of oil per day—400,000 barrels of oil that we are not going to be importing from the Middle East that we are not going to need, a very logical and simple way that the American taxpayer saves money and the American consumer saves money. We become more competitive and we are less dependent on imported oil.

And how much is 400,000 barrels of oil per day? It is more than most estimates suggest we will be getting out of ANWR, the Alaskan National Wildlife Refuge. There has been a great deal of pressure for us to drill in ANWR. If we were to drill in ANWR, effectively what we would be doing is drilling in the last great wildlife refuge on the North Slope of Alaska for the purpose of fueling gas-guzzling automobiles.

If we did not drill in ANWR and went to more efficient automobiles, we have more than a tradeoff and we will save more than enough. That is one example as to how much 400,000 barrels of oil a day is, more than we are getting out of ANWR.

Or, to put it another way, the amount of oil spilled in Prince William Sound by one tanker, the *Exxon Valdez*, was 200,000 barrels. By sheer efficiencies in automobiles, we can save every day twice the equivalent of the amount of oil that was spilled in Prince William Sound last month.

These are just illustrative of how much oil there is to be saved by moving along the simple path suggested by the administration today.

It is my own belief that we also ought to be going further than that 34 miles per gallon. We ought to be going further toward very aggressive exploration of alternative fuels for automobiles by using natural gas. We are rapidly moving into the day and age in which this is going to be a 20- or 30-year period of time of natural gas. The era of natural gas is on its way. It is almost here. We have to be looking at transportation fueled by natural gas, looking at hydrogen, looking at electricity, a whole variety of alternatives.

Finally, we should be looking at other economic incentives. Senator HEINZ and I have introduced legislation providing various alternative economic incentives for rewarding gas sippers and punishing or taxing gas guzzlers, so that the American public has an economic incentive to buy an automobile that is fuel efficient and an economic disincentive to buy an automobile that is fuel inefficient.

In any case, I wanted to use this opportunity, Madam President, to congratulate the current administration, something that we all like to do wherever that is possible. You and I, all of us, want to see this administration succeed, want to see the President do the right thing. And they did the right thing today, Madam President, by not rolling back the fuel-efficiency standard of automobiles maintaining the 27½ miles per gallon. I hope we can take the next steps to make it more efficient in coming years.

I thank the Chair for her toleration of these remarks and explanatory comments.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas.

SCORECARD ON CONSULTING SPENDING

Mr. PRYOR. Madam President, I rise today to report on how various Federal agencies have complied with a requirement that they reduce their budgets for consulting services by a prescribed amount. The agencies are the Departments of Defense, Treasury, Health and Human Services, Transportation, Labor, and Education.

During the consideration of the fiscal year 1989 appropriations bills for these agencies, I attached amendments requiring them to reduce their consulting services spending. The General Accounting Office [GAO] provided me with information regarding what these agencies had reported spending to the Federal Procurement Data System. In order not to drastically impact the agencies, I elected to reduce their consulting budgets by only 15 percent. While I successfully attached this amendment to 11 appropriations bills, unfortunately for the taxpayers, all but 4 conference committees dropped the amendment while the remaining committees modified the reductions.

In other words, only six agencies were required by 1989 law to cut consulting services costs.

Madam President, the potential reduction in consulting spending as a result of my amendments was roughly $220 million. Of the six major agencies involved, five of them faithfully carried out the intent of the amendment. The Department of Defense reduced its budget by $150 million. I have included for the record the itemized list of how DOD achieved this reduction. The other Departments achieved reductions as follows: Treasury, $3.6 million; Transportation, $2.3 million; HHS, $14.3 million; Labor; $1 million.

And, finally, Madam President, there is the Department of Education. I received a nice letter from Education, thanking me for my interest and informing me that it would not be making any reduction in its consulting budget. By their own calculations, it should at least have reduced their

budget by $5 million. But, since it classified this money as ongoing and routine it decided it didn't need to cut it.

While I am a strong supporter of education, as is the present occupant of the chair, I find it hard to believe that while DOD could cut consultants, Treasury could cut consultants, Transportation, HHS, and Labor could cut consultants, the consultants to the Department of Education were doing such vital work that Education simply could not cut its budget.

The second matter that concerns me is that the rationale Education uses to justify not cutting consultants is the very reason that Congress and GAO are most concerned about the Government's use of consultants. Education states that it is above the law, it does not have to cut its consulting spending because these consultants are doing the basic work of the Department. The conference committee added language allowing Education to exempt those consultants who do ongoing and routine tasks and are part of the regular mission of the agency. By my reckoning, this should not apply to most consultant contracts because based on the OMB Circular A-120 which regulates consulting services, consultants should not be doing the regular work of the agency nor should they be hired on an ongoing or routine basis. Consultants should only be hired when the agency determines that Federal workers cannot do the job, or when something very special is needed. They should never be hired to perform inherently governmental activities that should be performed by the Federal employee in the first place.

Madam President, the Department of Education cannot have it both ways. If it cannot cut its consultant budget because consultants are hired on an ongoing and routine basis to perform the regular work of the agency, perhaps we need to have GAO take a close look at the Department's consultant contracts.

Besides saving the taxpayer some money, I had intended that my amendment would force the Federal Government to take a closer look at its consulting contracts. I thought it would be a good idea for the Government to review its spending and decide which of the contracts were necessary for high priority tasks.

While I do not think the other five agencies that fulfilled this requirement have solved all their problems with consultants, at least they have made a beginning. I am deeply troubled that the Department of Education ducked its responsibility and refused to do the work required by the legislation.

The conference committee allowed Education a great deal of flexibility in applying the reduction, as did all the other conference committees. I am disappointed that Education chose to take advantage of the flexibility and not cut one dime from its consultant budget, while the other five agencies made significant reductions. This behavior deserves further attention on the part of the Congress and by the GAO. I can promise the folks over at Education that they will be receiving this attention.

Madam President, I ask unanimous consent that the letter that I have received saying that will not comply with the present law, from the Department of Education, dated April 10, 1989, be printed in the RECORD at the conclusion of my remarks.

Madam President, I also ask that a letter from the Department of Defense, the Office of the Director Of Defense Research and Engineering, a letter dated the 29th of March, 1989, be printed in the RECORD at the conclusion of my remarks. It indicates in those areas of defense contracting, how consulting services will be reduced, to the tune of $150 million.

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

U.S. DEPARTMENT OF EDUCATION,
OFFICE OF THE DEPUTY UNDER SECRETARY FOR PLANNING, BUDGET AND EVALUATION,
Washington, DC, April 10, 1989.

Hon. DAVID PRYOR,
U.S. Senate, Committee on Governmental Affairs, Washington, DC.

DEAR SENATOR PRYOR: I am writing in response to your March 20 letter concerning the limitations on the use of consultants contained in section 515 of P.L. 100-436. You asked about how the Department was implementing the amendment you sponsored and requested all relevant information.

Section 515 prescribes a limitation on 1989 obligations for consultant services contracts at 85 percent of the 1987 obligations, using the recent Office of Management and Budget definition of consultant services. Under Section 515, the limitation for the Department of Education would be $28 million. This limitation excludes amounts for field readers and appointive consultants.

Although it is impossible to know the precise amounts that will be used for contracts until the completion of competitions and negotiations over the best and final offers of bidders, the planned level for consulting services contracts in 1989 is approximately $33 million. These contracts will be used for a variety of purposes, including the collection of education achievement data by State, studying the effectiveness of the Chapter 1 program for disadvantaged students, evaluating the success of the Dropout Prevention Demonstration program, analyzing the Drug Abuse Prevention programs, and obtaining expert legal advice for civil rights litigation.

While the limitation on consultant services could adversely affect the Department's operations, since the $28 million limitation is $5 million less than the amount planned for these activities, it appears that the exemptions included in Section 515 recognized the need for many consultant services. In addition to exempting Inspector General activities, Section 515 exempts activities that are "ongoing and routine" and "part of the regular mission of the agency." Because the Department's consulting services activities generally fall within these broad exemptions, it appears that there will not be major disruption of the Department's operations. It also appears that there will be little, if any, savings from the Section 515 limitation.

Despite the likely exemption of most activities because of their ongoing and routine nature as part of the regular mission of the Department, the Department will make every effort during the year to minimize the amount of money used for consulting services. It is possible that actual spending for consulting services contracts will be lower than planned and below 85 percent of the 1987 level. If there are savings, the Department will use the funds to defray costs of the 4.1 percent pay raise as required by section 515. The pay raise costs for the Department are $5.9 million.

I hope this information, which we have also provided to the Appropriations Committees in our Congressional Budget Justifications, is helpful. If you need further information, please have your staff contact Thomas Skelly (732-5290).

Sincerely,

CHARLES E.M. KOLB,
Deputy Under Secretary for Planning, Budget and Evaluation.

OFFICE OF THE DIRECTOR OF DEFENSE RESEARCH AND ENGINEERING,
Washington, DC, March 29, 1989.

Hon. DAVID PRYOR,
Chairman, Subcommittee on Federal Services, Post Office and Civil Service, Committee on Governmental Affairs, United States Senate, Washington, DC

DEAR SENATOR PRYOR: This letter is in response to your inquiry on the $150 million reduction to the FY 1989 Defense Appropriations Bill for consulting services. The $150 million reduction was allocated to each of the Military Departments and Defense Agencies based of FY 1989 estimates for Contracted Advisory and Assistance Services (CAAS). These estimates were taken from the Contract Support Services Budget Exhibit submitted by the Military Departments and Defense Agencies for the FY 1990/FY 1991 Biennial Budget Review. The Military Departments, in turn, made specific distribution of these general reductions based on their relative priorities. A copy of the final distribution by appropriation was provided by the DOD Comptroller to the Appropriations Committee on February 2, 1989.

Since the amendment was added to the Defense Appropriation Bill just prior to the Bill's being passed, there was, to my knowledge, no documentation of the impact of this reduction on DOD. The components simply applied the reductions to those programs with the least priority within the appropriations guidelines.

Sincerely,

JOHN P. WILHELM,
Acting Director, Contracted Advisory and Assistance Services and OSD Study Coordinator.

Section 8137 reductions

Operation and maintenance, Army	$21,100,000
Operation and maintenance, Marine Corps	1,700,000
Operation and maintenance, Air Force	15,120,000

Operation and maintenance, defense agencies	13,400,000
Operation and maintenance, Army Reserve	300,000
Operation and maintenance, Navy Reserve	950,000
Operation and maintenance, Air Force Reserve	360,000
Operation and maintenance, Army National Guard	1,100,000
Operation and maintenance, Air National Guard	360,000
Aircraft procurement, Army	300,000
Missile procurement, Army	500,000
Other procurement, Army	300,000
Aircraft procurement, Navy	13,090,000
Weapons procurement, Navy	3,600,000
Shipbuilding and conversion, Navy	14,160,000
Other procurement, Navy	6,020,000
Procurement, Marine Corps	200,000
Other procurement, Air Force	3,240,000
Aircraft procurement, Air Force	360,000
Missile procurement, Air Force	720,000
Research, development, test and evaluation, Army	1,900,000
Research, development, test and evaluation, Navy	21,780,000
Research, development, test and evaluation, Air Force	15,840,000
Research, development, test and evaluation, defense agencies	13,600,000
Total	150,000,000

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MEETING OF U.S.-U.S.S.R. TRADE COUNCIL

Mr. DOLE. Mr. President, last evening, I had the pleasure of addressing a meeting of the U.S.-U.S.S.R. Trade Council—probably the leading private sector organization engaged in encouraging expanded American-Soviet trade relations.

The audience, like the council itself, was made up of an about equal mixture of Americans and Soviets. Some 250 prominent American businessmen were joined by an equal number of their Soviet counterparts—an impressive representation of commercial leaders from both countries.

Because our future relations with the Soviet Union—in the economic and the broader strategic and political fields—will be so important to our country and to all Americans, I would like to share with the Senate my remarks last evening. I hope these will be part of a continuing dialog we have here on the Senate floor, and in other forums around the country, on this crucial matter.

I ask unanimous consent that these remarks be printed in the RECORD.

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

SPEECH TO U.S.-U.S.S.R. TRADE AND ECONOMIC COUNCIL, MAY 17, 1989

A couple of years ago, when the Gorbachev era was just dawning, Margaret Thatcher shocked a lot of people in the West by declaring that Gorbachev was someone "we can work with."

The initial shock has passed, replaced by images of the General Secretary "working" American crowds in the best traditions of—well, of Bob Dole; by TV shots of Gorbachev and President Reagan, attaching their signatures to the INF treaty; by pictures of Soviet troops and tanks, rolling not into—but out of—Afghanistan.

The initial shock has passed, and in its place has emerged a growing realization that Margaret Thatcher was right. We do have a new style of Soviet leader. And we not only can work with him; we better work with him. Because he continues to move with whirlwind energy—catalyzing major changes in the Soviet system and Soviet policies; destroying long-held ideas, and in some cases myths, about our Soviet adversary; and having an enormous impact on the Global stage—including in the capitals of the countries we call our closest allies and best friends.

GORBACHEV: FACE TO FACE

Gorbachev's Soviet Union represents a unique kind of challenge for us Americans—a challenge made up of equal parts of new opportunities, and potential perils.

That came home to me starkly and personally when I visited the Soviet Union last year, for the signing of the INF Treaty. On that occasion, I had the opportunity to sit next to Mr. Gorbachev for several hours at dinner. Let me tell my countrymen here who have yet had that opportunity: The man is a handful.

He is charming. He is smart. Above all, he is tough, as great leaders should be.

He wants to make the Soviet Union the most powerful and prosperous nation on earth. He has a strategy—a game plan—to do it. And he has the talent and determination to give him a shot at succeeding, despite the daunting challenges he, too, faces.

And, let me add, he believes—I am convinced he genuinely believes—that for the forseeable future, at least, one central element of his strategy for helping the Soviet Union must be finding ways to lower tensions, and increase cooperation with the West.

And let me stress again: He wants to do that not because he has any special affection for us, but because he sees it as the best way to achieve Soviet national goals.

Interestingly, I keep hearing people wanting to debate the question: is it in our interest, American interest, to work with Gorbachev? By working with him, do we nurture a more open, less belligerent Soviet state; more amenable to working with us, less inclined to risk assaults upon us? Or, by working with him, are we really just helping make an adversary even stronger?

THE RACE INSIDE THE KREMLIN

As far as I'm concerned, Gorbachev has it right, from his perspective—and the people who ask these kinds of questions have it wrong, from the American perspective.

Through our policies and actions, we can have some impact on whether or not Gorbachev succeeds. But, fundamentally, what happens inside the Soviet Union will decide his fate.

In my view, Gorbachev's fate depends on the outcome of a daring and dangerous race of which he, himself, was the starter; a contest between, on the one hand, the political reforms and social reforms he instigated, with the rising expectations those reforms have ignited; and, on the other hand, the capacity of the Soviet system—with its first class technology, second rate bureaucracy, (like others around the world) and a struggling economy—to meet those expectations.

It's going to be a tight, tense race. And we can affect the outcome only at the margins.

So I think that trying to fine-tune our policies to make Gorbachev look good—or alternatively, to try to sabotage his success—just won't work; and, anyhow, misses the point. We ought to decide on our policies and actions using the same criteria Gorbachev is using, and we have always used: What is best for the United States of America? How do we deal with the Soviet Union in a way that maximizes our chances to achieve our national goals.

Obviously, that doesn't mean we are blind and deaf to what is happening inside the Soviet Union. On the contrary, our perceptions and conclusions about the Soviet state—its motives, its goals, its capacities—provide the framework for developing a strategy of U.S.-Soviet relations. But we don't develop our policies with the primary aim of changing the Soviet Union, or helping Gorbachev change it, but with the motive of exploiting the changes that are occurring in ways that help us.

Let me say up front: In my view, the changes occurring in the U.S.S.R.—socially, politically, and economically—are very real, and are having far-reaching impact on Soviet policies and actions. In many cases, we cannot yet be sure they are permanent—prudently, we must take that into account; we have seen the pendulum swing back and forth before. But neither can we be so encumbered with past experience, and persisting myth, that we fail to see and appreciate real change.

NEW HORIZONS ON TRADE—AGRICULTURE

One important change is the rapid growth of new opportunities for mutually beneficial economic relations. Increased trade with the Soviet Union in nonstrategic goods is in America's interest—period. A rational, efficient system to determine which exports need to be controlled, for national security reasons, and which can be freely exported to the Soviet Union and other countries—such a system serves America's business interests, without compromising America's security.

And tied credits or other appropriate incentives to facilitate nonstrategic trade, provided on a commercially sensible basis, makes us stronger, even as it might also benefit the buyer.

About 2 weeks ago, in Washington, we witnessed another important milestone in the implementation of such common sense policies. President Bush, at my strong urging and the advice of many who understand

how important it is for America to remain competitive in agricultural exports, decided to approve the use of our export enhancement program—the EEP—to cover 1.5 million metric tons of wheat sales to the Soviet Union.

EXPORT ENHANCEMENT

The Soviet Union needs wheat; we have it to sell. Wheat feeds people, it doesn't kill them. Wheat exports enhance the economic security of America's farmers, without undermining their geopolitical security. American wheat sales to the Soviet Union earns dollars and cents for the United States—and makes great sense for both sides.

I want the EEP Program to be used prudently, but effectively, to boost agricultural sales to the Soviet Union, and other markets where we are faced with severe, and often unfair, competition from other exporting nations. For example, I believe we could expand the existing EEP Program for vegetable oils—to meet what we understand is a substantial Soviet interest in new purchases.

The bottom line is trade with the Soviet Union benefits the United States. When the Soviets buy, for example, American shovels, tractors, elevators, scrap aluminum, pizza and Pepsi, that's good for us. It's a market in which we have a growing interest—and if we are going to compete, we had better be playing to win by being competitive. No doubt about it, agriculture dominates our current trading partnersip, but it is not the only area where we have the chance for expanded exports.

OVERALL TRADE POLICY

And—having broached the subject of trade—perhaps I could also take this opportunity to say just a few words about broader trade questions. I know that all of the American businessmen here have economic interests that go beyond the Soviet market; and I suspect that many of the Soviet businessmen do, too.

The United States remains committed to the removal of barriers and the expansion of world trade consistent with the principles which have guided similar efforts under the GATT: national treatment—in other words, equal international treatment of foreign and domestic competitors; and most favored nation status by which nations can cooperate to lower tariffs and other border controls.

It all boils down to this: We are trying to expand our exports using every fair trade practice available to us. Why? Because it's good for America.

But I don't want to leave anyone with the wrong impression. We are a capitalist country, and most of those here tonight are businessmen. But we have interests with the Soviet Union that go way beyond economics. So perhaps I should end up with some comments on our broader strategic and political relations, and with developments I see in the Soviet Union in those areas.

WINDS OF CHANGE

The winds of change are blowing there, too.

In fact, the social and political liberalization we see in the Soviet Union are even more striking than the economic changes. And even the most hardnosed analysts, I think, are starting to sense that so many genies of change have been let out of so many bottles—that, no matter what happens, things will never again be quite the same.

But I refer again to that race that Gorbachev has started. We don't really know which side will win; and we don't know what will happen if the rising tide of expectations sweeping the Soviet Union is frustrated. Will there be a reversion to an earlier style of Soviet politics and policies; or will even more profound social unrest and change emerge.

We wish for the best, but we just don't know. And inevitably, our uncertainty will condition our views and our actions toward the Soviet Union.

So I want to speak directly and frankly to our Soviet guests. Let me suggest to you that much of the future of our relationship lies in your hands, and in the hands of your national leaders.

I do know how important, and yes wrenching, the decision must have been to withdraw from Afghanistan. But I hope news accounts today are correct about no future aid to a client state on our southern doorstep. We and all the other nations of the region are striving to find a peaceful path in central America as evidenced by the bi-partisan Contra Aid Plan endorsed by Congress and the President.

I appreciate how significant it is that nonparty candidates can stand for and win election to an increasingly vocal and influential parliament. But I still believe all people have the right to complete democracy, and we are hopeful the Soviet people will finally achieve that right.

JACKSON-VANIK REFORM?

I applaud you for undertaking important reforms in your emigration policies. Many of us are prepared to join with President Bush, in his pledge to work for the greater normalization of our trade relations—starting with a Jackson-Vanik waiver of some modification of that law.

I see how frightening it is when people in many parts of the U.S.S.R. long quiescent suddenly rise to vent their frustrations and voice their grievances, it is hopefully there will be a favorable response to legitimate expressions of national, ethnic, and cultural identification.

GLASNOST—AND DEADLY FORCE

And I know that a state has both a responsibility to maintain order for the safety of its citizens, but many are concerned by the excessive force used in one Soviet Republic, to suppress what most reports say were peaceful demonstrations.

I say these things in the spirit of the new word you have brought into our vocabulary—glasnost. I say it as one who says—and said again here tonight—that we want to work with you, more and more, in many areas. I say it because I believe that sincerity, and candor, and truth—in the long run will serve to bring us together, not drive us apart.

And, finally, let me conclude with a few remarks aimed mostly at my fellow Americans.

The Soviet Union remains, still, our most dangerous, adversary. That may change someday—we pray it does—but it hasn't changed yet.

It remains heavily armed; we believe much more heavily armed than we are, and much more heavily armed than it need be, to ensure its own defense. Its intentions in many corners of the world remain unclear; its activities in some unhelpful and destabilizing. There are still many, many more things that divide us—than join us.

THE BOTTOM LINE—FREEDOM

That is a very important part of the reality of our relationship today. And it must shape our defense policies, our arms control policies, our foreign policies. America must remain militarily and politically strong. We must work hard at maintaining the strength and unity of the western alliance. We must stand for freedom, wherever it is at issue. We must never be timid about asserting our legitimate rights and defending our national ideals—against any nation or force which threatens them.

Just as I said in making the case for closer economic relations with the U.S.S.R., we must do all these things because they, too, are in our interest.

So that is my main message tonight. Let us just do what is in America's interest as the Russians do what is in Russia's interests. It is in our interest to face this new Soviet challenge, both its opportunities and dangers, head on; eyes open; feet squarely on the ground.

We not only can work with Gorbachev's Soviet Union, we should. It is in our interest. As I have spoken about at length—our economic interest. And as many others have observed, in our political and strategic interest, too.

But more: We not only should work with Gorbachev's Soviet Union, we must. Because it is the world's other superpower—the one nation on earth whose enmity could bring an end to civilization; the one nation on earth whose good faith cooperation could bring an end to the threat of global war.

THE RESOLUTION OF DISAPPROVAL OF THE FSX DEAL

Mr. KERREY. Mr. President, I have listened closely to the debate on the FSX agreement. Some of that debate has portrayed the FSX agreement primarily as a defense issue with important implications for our and Japan's security in the Far East. While that perspective is important, I find myself in agreement with those of my colleagues who see the FSX as an issue critically important to our trade policy.

I consider trade issues to be of great importance because our trade deficit threatens the economic security of the United States. Instead of financing our own consumption, we are allowing other nations to trade for our economic infrastructure in the form of real estate, Treasury bills, securities, and bank deposits.

This is particularly true in the case of Japan, which explains the scrutiny given to the FSX deal. Japan accounts for the single largest share of our trade deficit. That share grew last year from 35 to 40 percent of our total trade deficit. We have had to borrow a total of $303 billion from the Japanese since 1980 to cover the cost of Japanese products in excess of what we have sold Japan.

The reasons for the magnitude of our trade deficit with Japan are many, and the long-term consequences of these deficits are not fully clear at this point. However, it is clear that Japanese investors now account for a major portion of all Treasury bond purchases. Also, Japanese builders are

major players in the construction of new factories in the United States and purchasers of old ones. The long term prognosis is not good unless we succeed in getting a handle on our trade policy.

It is in this context that I decided to vote for the resolution of disapproval of the FSX agreement. I reached my decision when considering the circumstances under which we started down the FSX path with Japan. The Japanese wished to modernize their air defenses, a policy we supported given our strategic interests in the Far East. Their choices were to build the plane on their own, purchase planes from the United States, or coproduce a plane with the United States.

By deciding against purchasing existing planes, Japan sent an important signal about willingness to cooperate on overall trade policy.

Choosing to purchase existing planes from the United States instead of developing the FSX would have met three important objectives from the Japanese point of view:

First, strategic considerations: The biggest strategic shortcoming of the FSX is the fact that it has only one engine, which limits its range and payload capacity. Even the F-1, which Japan relies on now, has two engines. A group of military experts sent to Japan by DOD in 1987 concluded that the FSX was too narrowly defined, and that any of three United States planes—the F-15, the F-16, or the F-18—would more adequately meet Japan's defense needs than the FSX.

Second, cost: Based on current estimates, the final cost of the FSX for the Japanese will be $48 million for each of the 130 planes proposed to be built. This pricetag makes the FSX more expensive than any fighter ever produced in the United States. It will cost 2½ times the cost of a F-16; 50 percent more than a new F-18; and 20 percent more than the F-15.

Third, trade considerations: Given the growth in our trade deficit with Japan—particularly in light of the fact that our overall trade deficit has been declining—Japan could have taken direct action to reduce that deficit. It would have been in its strategic and fiscal interest to do so, and it would have sent an important signal about their willingness to work with us on overall trade policy.

"FAMILY TIES": A HAPPY HOME LIFE FOR THE EIGHTIES

Mr. CRANSTON. Mr. President, in September 1982, NBC aired the first episode of what would go on to become one of the most loved, most talked about and most successful shows in television history: "Family Ties."

The story of two sixties idealists who are married and parents to three—eventually to become four—very eighties children touched an emotional chord in living rooms all across America. Perhaps some of the reason for that positive reaction stems from the fact that at the time "Family Ties" debuted there were no nuclear families on continuing series television. The show's success, however, helped to change that. Indeed, the Los Angeles Times credits "Family Ties" with "helping revive family oriented programming"—a revival which led to two more recent megahits: The "Cosby Show" and "Roseanne."

Television is often given a lot of credit—or blame, depending on the point being made—for its power to influence the people who watch it. Sociologists and others theorize that hit TV series offer models of behavior that many viewers emulate. If this is true, then the creators and writers of TV programs have an enormous responsibility for the words they put in their character's mouths.

For 7 years, "Family Ties" has been an example of this responsibility taken very seriously and fulfilled very well. I'm not the only one who thinks so either. The respected Human Family Institute presented its prestigious Humanitas Award to "Family Ties" writers Gary Davis Goldberg and Alan Uger for the widely acclaimed episode, "A—My Name is Alex," which concerned a young person's reaction to the death of a friend. In addition, "Family Ties" was nominated three times for the coveted Best Comedy Series Emmy and won an Emmy in recognition of its fine comedy writing.

Week in and week out the scripts provided a virtual primer on how to have a healthy family relationship. In fact, the health section in this Tuesday's Washington Post includes several sections of dialog from "Family Ties" episodes as examples of successful conflict resolution, how parents can best balance closeness with their children with the child's need for freedom, and the importance to the whole family of a happy marriage.

Happy families, however, weren't the only topic the writers took up. They also tackled such noncomedic subjects as housing discrimination, economics, Darwinism, and environmental protection.

Although many people made "Family Ties" the success it became, there truly is one individual who was indispensable to the show from the very start and that is its creator, Gary David Goldberg. Basing the premise of the show on facts from his own life, Gary succeeded in doing what many, if not most, artists seek to do: He translated his own personal experience into characters and situations that others could relate to. He earned his success, and he—along with all the members of the cast and crew—deserve it. Their contributions will be sorely missed—in prime time, that is. We can all continue to watch and learn from the Keaton family in syndication for, I'm sure, many years to come.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Kalbaugh, one of his secretaries

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 1:02 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following joint resolution, without amendment:

S.J. Res. 58. Joint resolution to designate May 17, 1989, as "High School Reserve Officers Training Corps Recognition Day."

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2) to amend the Fair Labor Standards Act of 1938 to restore the minimum wage to a fair and equitable rate, and for other purposes.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 968. An act to provide for the Federal reimbursement of local noise abatement funds.

ENROLLED JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker has signed the following enrolled joint resolutions:

S.J. Res. 58. Joint resolution to designate May 17, 1989, as "High School Reserve Officers Training Corps Recognition Day"; and

H.J. Res. 170. Joint resolution designating May 1989 as "National Digestive Disease Awareness Month."

The enrolled joint resolutions were subsequently signed by the President pro tempore [Mr. BYRD].

At 3:28 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the concurrent resolution

(H. Con. Res. 106) setting forth the congressional budget for the U.S. Government for the fiscal years 1990, 1991, and 1992.

MEASURES REFERRED

The following bill was read the first and second times by unanimous consent, and referred as indicated:

H.R. 968. An act to provide for the Federal reimbursement of local noise abatement funds; to the Committee on Commerce, Science, and Transportation.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, May 17, 1989, he had presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 58. Joint resolution to designate May 17, 1989, as "High School Reserve Officer Training Corps Recognition Day."

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-77. A joint resolution adopted by the Legislature of the State of Maine to the Committee on Commerce, Science, and Transportation.

"JOINT RESOLUTION

Whereas, transportation problems created in the State of Maine by Guilford Industries' railroad operations have left our biggest and best industries without adequate rail services; and

"Whereas, the economic development of the State of Maine has suffered immensely without a safe, dependable and competitive rail system since Guilford Industries reduced rail operations throughout the State of Maine, including the Bangor Yard, in Bangor, Maine and the Rigby Yard in South Portland, Maine; and

"Whereas, employment on Guilford Industries' railroads has been reduced to a level insufficient to provide necessary services and employment to industries served by those railroad operations; and

"Whereas, railroad seniority had provided qualified and experienced personnel to operate Guilford Industries' rail service in the past; however, during the past year Guilford Industries has substituted these employees with newly hired, inexperienced, junior and unqualified personnel; and

"Whereas, this substitution is a threat to the safety of personnel, property and cargo; and

"Whereas, the Legislature of the State has long been concerned with the problems caused by Guilford Industries' railroad operations in Maine and has found it necessary to enact certain legislation to protect the vital interests of its constituents; and

"Whereas, a certain Interstate Commerce Commission decision of January 10, 1989, denied employees of Guilford Industries the benefit of the work rules issued by Richard Kasher after full, fair, and fact-finding arbitration; and

"Whereas, the Interstate Commerce Commission imposed a post-arbitration seniority arrangement which was not subject to any discussion or fact-finding arbitration and which denied employees due process; and

"Whereas, the Chair of the Interstate Commerce Commission conducted all of the activities of the commission, resulting in the deprivation of a full and fair fact-finding arbitration for employees of Guilford Industries; now, therefore, be it

"Resolved, That We, Your Memorialists, respectfully recommend and urge the Congress of the United States to:

"1. Establish and conduct hearings in the Senate of the United States on the decision-making process used by the Interstate Commerce Commission in its oversight of Guilford Industries;

"2. Establish and conduct hearings in the House of Representatives of the United States on the decision-making process used by the Interstate Commerce Commission in its oversight of Guilford Industries;

"3. Decline to confirm any reappointment of the Chair of the Interstate Commerce Commission in light of the recent actions and decisions of the commission; and

"4. Enact legislation requiring that the so-called Kasher Implementing Arrangement decided on June 12, 1988, govern Guilford Industries, its rail subsidies and their employees and labor organizations until amended, changed or abrogated under the provisions of the United States Railway Labor Act; and be it further

"Resolved, That a duly authenticated copy of this Joint Resolution be immediately submitted to the Honorable George H.W. Bush, President of the United States, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to each member of the Maine Congressional Delegation."

POM-78. A joint resolution adopted by the Legislature of the State of Minnesota; to the Committee on Energy and Natural Resources.

"RESOLUTION NO. 3

"Whereas, Minnesota's water is a precious resource that is necessary and claimed for agricultural, domestic, recreational, and beneficial uses; and

"Whereas, Minnesota's lakes and the Mississippi River have suffered drastic drought which has depleted water supplies; and

"Whereas, Minnesota's water rights may be preempted by federal legislation, now pending before the Congress of the United States, that would authorize the use of Minnesota waters to transport coal by slurry pipeline; and

"Whereas, this proposed federal legislation would permit coal slurry pipeline consortiums the right of eminent domain for the transportation of coal, using Minnesota waters, to distant utilities; and

"Whereas, unit coal trains that currently transport vast quantities of coal to Minnesota utilities would be eliminated, causing the loss of permanent Minnesota railroad jobs; Now, therefore, be it

Resolved by the Legislature of the State of Minnesota that it urges the Congress of the United States to reject pending legislation that would authorize the use of Minnesota waters for the transportation of coal and would grant the right of eminent domain of coal slurry pipelines; and be it further

"Resolved, That the Secretary of State of the State of Minnesota is directed to prepare certified copies of this resolution and transmit them to the President of the United States, President and Secretary of the United States Senate, the Speaker and Chief Clerk of the United States House of Representatives, and to Minnesota's Senators and Representatives in Congress."

POM-79. A resolution adopted by the Mississippi Manufacturers Association relative to the adoption of acid rain and air emission legislation; to the Committee on Environment and Public Works.

POM-80. A petition from citizens of the State of New York praying for a redress of grievances; to the Committee on Finance.

POM-81. A concurrent resolution adopted by the Legislature of the State of West Virginia; to the Committee on Finance.

"HOUSE CONCURRENT RESOLUTION NO. 45

"Whereas, New underground storage tank regulations are estimated to have a tremdous negative impact on West Virginia's and the nation's independent petroleum marketers, manifested service station and commercial location closures in significant numbers; and

"Whereas, Nearly fifty-two percent of independent marketers have no pollution liability insurance due to availability or affordability problems; and

"Whereas, No insurance company in the United States currently offers a pollution liability policy that meets EPA requirements; and

Whereas, Although approximately twenty states have established trust funds to assist in cleanup at leaking undergrounud storage tank sites, none of these twenty fully meets EPA requirements, and all currently suffer under capitalization problems; and

Wheras, Marketers without pollution liability insurance and those who operate in West Virginia and other states without a trust fund, are particularly vulnerable to claims arising out of underground storage tank incidents and to liability for noncompliance with applicable underground storage tank regulations; therefore, be it

Resolved by the Legislature of West Virginia: That the Congressional Delegation of West Virginia and the Congress be urged to take the following steps to remedy the problems created by the laws and regulations affecting underground storage tanks:

First, to expand the current Leaking Underground Storage Tank trust fund by increasing the 0.1 cent per gallon tax on gasoline and diesel and aviation fuel. Revenues from this increase should be used to assist states in financing their underground storage tank trust funds.

Second, to direct the EPA to invoke its authority to review the enforcement standards of the financial responsibility requirements.

Third, to restructure the current financial responsibility requirements to ensure a more reasonable and flexible program. Options could include revision of the suspension of enforcement procedures and reduction of the minimum amount of financial responsibility required.

Finally, to institute a federal low interest loan program for small businesses to help them comply with mandatory environmental requirements; and, be it further

"Resolved, That the Clerk is hereby directed to forward a copy of this resolution to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the West Virginia Congressional Delegation, Washington, DC."

POM-82. A resolution adopted by the House of Representatives of the State of

Kansas; to the Committee on Foreign Relations.

"HOUSE RESOLUTION No. 6125

"Whereas, Members of the House of Representatives of the Kansas Legislature deplore the apartheid system of racial segregation in South Africa; and

"Whereas, There should be universal application of the principle that all people are created equal and endowed with certain inalienable rights of life, liberty and the pursuit of happiness; and

"Whereas, South African apartheid is in direct contradiction of the basic principles of fundamental human rights and violates all aspects of democratic process; and

"Whereas, All of our states demand the democratic principle that guarantees all citizens the right to participate in the electoral process which determines their destiny, their form of government, and their election of political leaders at all levels; and

"Whereas, Racial apartheid in South Africa denies Black South Africans participation in the political process and indeed denies them fundamental human rights; and

"Whereas, On a continuing basis Blacks and other opponents of apartheid in South Africa are detained, arrested, imprisoned, beaten and killed without cause or due process of law; and

"Whereas, The system of apartheid not only represses public participation but also violates the principles of private enterprise by restricting equal access to the market place and to the extensive resources of the South African land and society; and

"Whereas, The continued oppression in South Africa threatens all Black South Africans, compromises the dignity, integrity and humanity of Coloured, Asian and White South Africans, and also threatens the peace and political economic and social wellbeing of southern Africa, the entire continent and, indeed the entire world: Now, therefore, be it

"Resolved, That the House of Representatives of Kansas hereby urges that the State Legislatures of the United States of America increase actions to end apartheid in South Africa; and be it further

"Resolved, That the House of Representatives of Kansas hereby urges and increased level of activity by the states including, but not limited to, statements, personal testimony and actions by individual legislators, legislative resolutions and statutes condemning apartheid, calling for increased divestment of state funds in companies doing business in South Africa and any other actions to bring about a rapid end to apartheid in South Africa; and be it further

"Resolved, That the House of Representatives of Kansas hereby calls for the end of the state of emergency, release of Nelson Mandela and all other political prisoners, the dismantling of apartheid and establishment of elections free and open to all South Africans without regard to color, race or creed; and be it further

"Resolved, That the House of Representatives of Kansas call upon the President and Congress of the United States to utilize increasingly strong and effective measures to bring about an end to apartheid; and be it further

"Resolved, That the House of Representatives of Kansas note and commend the House of Representatives of the Congress for its passage of the "Anti-Apartheid Act of 1986" and we further note and commend the Senate Foreign Relations Committee of the Congress for its approval of Senator Lugar's "Comprehensive Anti-Apartheid Act of 1986" with the support of the Senate leadership; and be it further

"Resolved, That in light of continuing injustice, despite current United States' Policies, the House of Representatives of Kansas hereby calls upon the President and Congress of the United States to increase pressure on South Africa including support for divestment, application of economic sanctions, and resisting renewal of bank loans to South Africa; and be it futher

"Resolved, That the Chief Clerk of the House of Representatives is hereby directed to send enrolled copies of this Resolution to the President and each presiding officer of each House of Congress, the Secretary General of the United Nations, the President of the Republic of South Africa, the Ambassador to the United States from the Republic of South Africa, the leadership of the African National Congress, the Archbishop of Capetown."

POM-83. A resolution adopted by the Senate of the State of Michigan; to the Committee on the Judiciary.

"SENATE RESOLUTION No. 81

"Whereas, It has recently been made public that Michigan's William Lucas is a candidate for the position of Assistant Attorney General in charge of the Civil Rights Division of the United States Department of Justice. It is our great pleasure to concur with this recommendation for the federal government's top civil rights position. Mr. Lucas has proven his unique qualifications for this role not only through his achievements in Michigan, but also through his great variety of professional experience in the enforcement of the laws that shape our society; and

"Whereas, William Lucas is a graduate of Manhattan College who served the people of New York City for nine years as a police officer. He earned his law degree from Fordham University, and worked with the United States Department of Justice in the early 1960s. He was a key figure in the desegregation of the Tuskegee, Alabama, schools and put together information on the obstacles preventing equal access to voting that was presented to the Congress during its consideration of the landmark Voting Rights Act of 1965. Mr. Lucas later served with distinction as a special agent with the Federal Bureau of Investigation, which brought him to Michigan; and

"Whereas, Over the past quarter century, William Lucas has served the people of Michigan with great distinction in several positions. In 1970, after serving as undersheriff of Wayne County, Mr. Lucas was elected Wayne County Sheriff, becoming the first Black to hold this position. Subsequently, he has been a pioneer as the first elected Wayne County Executive and as the first Black to serve as a major party candidate for governor of Michigan. In each of these tasks, William Lucas has proven himself to be a man of deep personal integrity and commitment to the most cherished ideals of our nation; now, therefore, be it

"Resolved by the Senate, That we hereby memorialize the United States Senate to confirm Mr. William Lucas as the Assistant Attorney General in charge of the Civil Rights Division of the United States Department of Justice; and be it further

"Resolved, That a copy of this resolution be respectfully transmitted to the United States Senate."

POM-84. A joint resolution adopted by the Legislature of the State of Vermont; to the Committee on Labor and Human Resources.

"JOINT RESOLUTION

"Whereas, the federal government, through Public Law 94-142, 'The Education of all Handicapped Children Act of 1975', has required that the state guarantee a free appropriate public education to all handicapped children in Vermont, with special regard to individual needs, and

"Whereas, the State of Vermont, in Act No. 235 of the Acts of 1988, has recently reaffirmed its commitment to provide a free appropriate public education to all children with handicaps, and

"Whereas, Congress made a commitment to increase federal grants for services to children with handicaps from five percent of the national average per pupil cost in the United States in 1978, to ten percent in 1979, 20 percent in 1980, 30 percent in 1981 and 40 percent in 1982, and

"Whereas, the federal share of special education costs has never exceeded 12 percent and is presently at less than seven percent, a full 33 percentage points below the level originally promised under P.L. 94-142, and

"Whereas, the failure on the part of the Congress to properly fund the education of children with handicaps as originally promised has been detrimental to the entire education system, and

"Whereas, the State of Vermont continues to review its eligibility standards and is not over-identifying children with handicaps, as evidenced by the fact that the proportion of children found eligible for special services is consistent with national averages, and

"Whereas, the State of Vermont is making every effort to provide a free and appropriate public education in as cost-effective a manner as possible, and

"Whereas, in spite of these efforts both the State of Vermont and local school districts have experienced severe financial difficulties in attempting to properly budget and provide the services required by P.L. 94-142, and

"Whereas, the states and communities need additional flexibility to be able to administer their responsibilities under P.L. 94-142 most appropriately for each affected child; Now therefore be it

"Resolved by the Senate and House of Representatives; That it is the sense of this General Assembly that the Congress should appropriate its promised share of the funds needed to comply with its commitment to the states and communities to provide a free appropriate public education to all handicapped children, and be it further

"Resolved, That the Congress should not rob existing programs for special education, vocational education, and compensatory education to pay for new educational initiatives, and be it further

"Resolved, That the General Assembly urges that the Congress allow the states additional flexibility in administering the provisions of P.L. 94-142, focusing more on helping children and less on prescription, bureaucracy, and paperwork, and be it further

"Resolved, That the General Assembly of the State of Vermont does hereby urge its Congressional delegation to take prompt action to achieve the foregoing objectives, and be if further

"Resolved, That copies of this joint resolution be forwarded by the Secretary of State

to the President of the United States Senate, the Speaker of the United States House, the chairs of the U.S. House and Senate Education Committees, and the Vermont Congressional Delegation."

POM-85. A joint resolution adopted by the Legislature of the State of Maine; to the Committee on Veterans' Affairs.

"JOINT RESOLUTION

"Whereas, the sons and daughters of Maine have always been generous in bearing arms to defend the United States of America and willingly took an oath to uphold, protect and defend the Constitution of the United States against all enemies; and

"Whereas, the founding fathers took great pains to establish that the military would always be under civilian control; and

"Whereas, a decision of the Supreme Court of the United States which established the Feres doctrine precludes suits against the United States by veterans for peacetime damages and the so-called "Warner Amendment" declares defense contractors to be government employees when sued by a veteran and thus are defended by the Feres doctrine; and

"Whereas, Title 38 United States Code bars an attorney-at-law from charging a veteran more than $10 for that attorney's services at any level in the Veterans' Administration claims process; and

"Whereas, the sons and daughters of Maine have willingly sacrificed their lives to preserve our liberties, been decorated for heroism against an armed enemy and have kept faith with the Constitution of the United States; now, therefore, be it

"Resolved, That We, your Memorialists, respectfully pray, that in keeping faith with veterans of the Armed Forces of the United States of America, millions of whom have given their lives in defense of the Constitution of the United States, that the Congress of the United States, in keeping with the plain language of the Constitution of the United States, grant, reaffirm and forever pledge that the rights accruing to all citizens under this great document shall not be abridged or denied any citizen who bore arms in defense of that citizen's country; and be it further

"Resolved, That a duly authenticated copy of this Memorial be submitted immediately by the Secretary of State to the Honorable George H.W. Bush, the President of the United States, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to each Member of the Maine Congressional Delegation and to the Governors of the 50 United States."

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. BURDICK, from the Committee on Environment and Public Works:

Frank Henry Habicht II, of Virginia, to be Deputy Administrator of the Environmental Protection Agency.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1125. A communication from the Assistant General Counsel of the Department of Defense, transmitting, pursuant to law, a report of individuals who filed DD Form 1787, Report of DoD and Defense Related Employment, for FY 1988; to the Committee on Armed Services.

EC-1126. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, the report concerning the Department of the Army's proposed letter(s) of Offer and Acceptance to Bahrain for Defense Articles estimated to cost $50 million or more; to the Committee on Armed Services.

EC-1127. A communication from the Deputy General Counsel of the Department of Defense, transmitting a draft of proposed legislation to authorize appropriations for fiscal years 1990 and 1991 for military functions of the Department of Defense and to prescribe military personnel strengths for such Department for fiscal years 1990 and 1991, and for other purposes; to the Committee on Armed Services.

EC-1128. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Homelessness: Implementation of Food and Shelter Programs Under the McKinney Act"; to the Committee on Banking, Housing, and Urban Affairs.

EC-1129. A communication from the Deputy Associate Director for Collection and Disbursements, Minerals Mangement Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain overpayments of offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1130. A communication from the Deputy Associate Director for Collection and Disbursements, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain overpayments of offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1131. A communication from the Deputy Associate Director for Collection and Disbursements, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain overpayments of offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1132. A communication from the Deputy Associate Director for Collection and Disbursements, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of certain overpayments of offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-1133. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting, pursuant to law, the report of the nondisclosure of Safeguards Information by the Nuclear Regulatory Commission for the quarter ending March 31, 1989; to the Committee on Environment and Public Works.

EC-1134. A communication from the Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the first annual report on Superfund implementation entitled "Progress Toward Implementing Superfund: Fiscal Year 1987"; to the Committee on Environment and Public Works.

EC-1135. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the texts of ILO Convention N. 167 and Recommendation No. 175 concerning Safety and Health in Construction; to the Committee on Foreign Relations.

EC-1136. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the text of ILO Convention No. 168 and Recommendation No. 176 concerning Employment Promotion and Protection Against Unemployment; to the Committee on Foreign Relations.

EC-1137. A communication from the Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the sixty day period prior to May 11, 1989; to the Committee on Foreign Relations.

EC-1138. A communication from the Secretary of Education, transmitting, pursuant to law, notice of Final Funding Priorities under the National Institute on Disability and Rehabilitation Research for Research and Demonstration, Rehabilitation Engineering Centers, and Research and Demonstration Knowledge Dissemination, and Utilization; to the Committee on Labor and Human Resources.

EC-1139. A communication from the Secretary of Education, transmitting, pursuant to law, Final Regulations—Chapter 1—Migrant Education Coordination Program for State Educational Agencies; to the Committee on Labor and Human Resources.

EC-1140. A communication from the Secretary of the Veterans' Administration, transmitting a draft of proposed legislation to amend title 10 and title 38, United States Code, to make certain improvements in the educational assistance programs for veterans and eligible persons, and for other purposes; to the Committee on Veterans' Affairs.

EC-1141. A communication from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend section 353 of the Consolidated Farm and Rural Development Act to limit delinquent farmer program borrowers to one write-down of loan principal and interest and to prevent fraud and abuse by extending to borrowers who do not qualify for loan restructuring the ten year recapture provision applicable to borrowers who do qualify; to the Committee on Agriculture, Nutrition and Forestry.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. FORD, from the Committee on Rules and Administration, without amendment:

S.J. Res. 98. Joint resolution to establish separate appropriation accounts for the Senate and the House of Representatives for the payment of official mail costs (Rept. No. 101-27).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. BURDICK, from the Committee on Environment and Public Works:

Frank Henry Habicht II, of Virginia, to be Deputy Administrator of the Environmental Protection Agency.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PELL, from the Committee on Foreign Relations:

Douglas P. Mulholland, of Maryland, to be an Assistant Secretary of State;

Ivan Selin, of the District of Columbia, to be Under Secretary of State for Management;

Peter F. Secchia, of Michigan, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Italy:

(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)

Nominee: Peter F. Secchia.

Post: Ambassador to Italy.

Contributions, amount, date, and donee:

1. Self: 1985—July 2, Fry for Guy Vander Jagt, $80; August 26, Henry for Congress, $500; March 4, Republican National Committee, $50.

1986—June 16, Levi for Congress, $100; July 7, Fry for Guy Vander Jagt, $80; July 9, Bunning for Congress, $100; August 15, Friends of Jim Dunn, $100; June 10, Henry for Congress, $500; August 15, Henry for Congress, $500; April 15, Fund for America's Future, $1,000; January 7, Republican National Committee, $90; January 20, Conservative Caucus, $50; May 5, Stanley Grot for Congress, $500; July 7, Traywick for Congress, $50; August 7, Upton '86, $500; August 29, Conservative Caucus, $100.

1987—May 18, George Bush for President, $1,000; January 30, Paul Henry Congressional Task Force, $500; June 12, Fry for Guy Vander Jagt, $80; November 30, Upton '88 Committee, $500; January 20, Republican National Committee, $100; January 30, Conservative Caucus, $15; February 23, Republican National Committee, $50; May 18, Friends of Stanley Grot, $25; June 2, Conservative Caucus, $100.

1988—January 19, Republican National Committee, $50; March 10, Upton '88, $100; March 14, Black American Salute, $150; March 17, Michigan People for Jim Dunn, $500; April 4, Doug Carl for Congress, $1,000; April 20, Dunn for Senate, $500; April 23, Allgaier for Congress, $500; June 20, Vander Jagt Campaign Committee, $80; August 1, Pete Dawkins for Senate, $50; September 13, Buhl for Congress, $100; July 29, Gerald R. Ford New Leadership Council, $2,000; September 12, Quayle for Vice President, $1,000, September 20, Michigan people for Jim Dunn, $1,000; December 8, Republican National Committee, $100.

2. Spouse: Joan Secchia, July 27, 1987, George Bush for President, $1,000.

3. Children and spouses names: Charles Secchia (son) September 25, 1987, George Bush for President, $1,000; Stephanie Secchia (daughter), none; Sandra Secchia (daughter) none; Mark Secchia (son), none.

4. Parents names: Valerie Kelly (mother) and Enoch Kelly (stepfather), 1988, Republican National Committee, $15; Mr. and Mrs. Norm Peterson (in-laws), 1988, George Bush for President, $300.

5. Grandparents names: Marguerite Smith (grandmother), none.

6. Brothers and spouses names: none.

7. Sisters and spouses names: Valerie Gail Secchia (sister), none.

John Cameron Monjo, of Maryland, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Indonesia.

(Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.)

Nominee: John C. Monjo.

Post: Ambassador to Indonesia.

Contributions, amount, date, and donee:

1. Self: none.

2. Spouse: Sirkka O. Monjo, none.

3. Children and spouses names: Rolf K. Monjo, none; Christina C. Monjo, none.

4. Parents names: Deceased (Ferdinand and Maymy Monjo), none.*

*Notes pursuant to March 8, 1989 telecon between Ambassaor Monjo and Lucy Reed of the Legal Adviser's Office, Department of State.

5. Grandparents names: Deceased (more than five years ago), none.

6. Brothers and spouses names: Louise Monjo; none.

7. Sisters and spouses names: none.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. NUNN, from the Committee on Armed Services:

Donald B. Rice, of California, to be Secretary of the Air Force (Exec. Rept. No. 101-6);

The following-named officer for reappointment as Vice Chairman of the Joint Chiefs of Staff under title 10, United States Code, section 154:

Gen. Robert T. Herres [redacted] FR, U.S. Air Force.

Mr. NUNN. Mr. President, from the Committee on Armed Services, I report favorably the attached listing of nominations.

Those identified with a single asterisk, (*) are to be placed on the Executive Calendar. Those identified with a double asterisk (**) are to lie on the Secretary's desk for the information of any Senator since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again.

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

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of May 1, May 2, and May 16, 1989 at the end of the Senate proceedings.)

*Lt. Gen. Frederic J. Brown, USA, to be placed on the retired list in the grade of lieutenant general (Reference No. 318).

*Maj. Gen. Frederic M. Franks, Jr., USA, to be lieutenant general (Reference No. 319).

*Gen. Joseph J. Went, USMC, to be reassigned in the grade of general to serve as Assistant Commandant of the Marine Corps and Chief of Staff (Reference No. 321).

*Maj. Gen. Norman H. Smith, USMC, to be lieutenant general (Reference No. 322).

**In the Air Force there are 27 promotions and appointments to the grade of lieutenant colonel and below (list begins with Wayne E. Balcom) (Reference No. 323).

**In the Navy and Naval Reserve there are 5 appointments and reappointments to the grade of commander and below (list begins with Kriss B. Stanley) (Reference No. 324).

*Maj. Gen. James R. Hall, Jr., USA, to be lieutenant general (Reference No. 333).

**In the Air Force Reserve there are 9 appointments and promotions to the grade of colonel and below (list begins with James E. Mullen) (Reference No. 334).

**In the Air Force Reserve there are 20 promotions to the grade of lieutenant colonel (list begins with Alan V. Box) (Reference No. 335).

**In the Air Force Reserve there are 3 appointments to the grade of lieutenant colonel (list begins with Jon M. Owings) (Reference No. 336).

**In the Air Force there is one appointment to the grade of second lieutenant (Robert J. Frink) (Reference No. 336).

Total: 70.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. CONRAD (for himself, Mr. HARKIN, Mr. LEAHY, Mr. MITCHELL, Mr. FOWLER, and Mr. DASCHLE):

S. 1008. A bill to promote the growth and economic diversification of, and to increase business and employment opportunities in rural America, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DANFORTH (for himself, Mr. HOLLINGS, Mr. INOUYE, Mr. BRYAN, and Mr. MCCONNELL):

S. 1009. A bill to amend section 315 of the Communication Act of 1934 with respect to the purchase of broadcasting time by candidates for public office; to the Committee on Commerce, Science, and Transportation.

By Mr. WILSON (for himself, Mr. D'AMATO, and Mr. HELMS):

S. 1010. A bill to encourage further cooperation between Federal, State, and local law enforcement agencies in their efforts against drug trafficking and other serious criminal activities; to the Committee on the Judiciary.

By Mr. EXON:

S. 1011. A bill to amend title XVIII of the Social Security Act and other provisions of law to delay for 1 year the effective dates of the supplemental Medicare premium and additional benefits under part B of the Med-

icare Program, with the exception of the spousal impoverishment benefit; to the Committee on Finance.

By Mr. EXON (for himself and Mr. BOREN):

S. 1012. A bill to amend the Disaster Assistance Act of 1988 to extend disaster assistance to losses due to adverse weather conditions in 1988 or 1989 for crops planted in 1988 for harvest in 1989, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. PRESSLER:

S. 1013. A bill to amend the Agricultural Act of 1949 to remove the 5-percent acreage limitation requirement on producers of the 1990 crop of oats and to require that the acreage base of such crop of oats be determined separate from that of barley, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DURENBERGER:

S. 1014. A bill to provide for the temporary suspension of the duty on certain two-stroke cycle piston engines; to the Committee on Finance.

S. 1015. A bill to suspend temporarily the duty on certain plastic web sheeting; to the Committee on Finance.

By Mr. DOLE:

S. 1016. A bill to change the name of "Marion Lake," located northwest of Marion, KS, to "Marion Reservoir"; to the Committee on Environment and Public Works.

By Mr. FORD (for himself, Mr. LEAHY, Mr. HEFLIN, and Mr. PRYOR):

S. 1017. A bill to enhance the ability of the Bureau of the Census to gather information concerning rural areas for Congress, to improve historic preservation efforts, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HEINZ (for himself and Mr. DECONCINI):

S. 1018. A bill to set forth principles for United States nationals involved in industrial cooperation projects in the Soviet Union and the Baltic States and for other purposes; to the Committee on Foreign Relations.

By Mr. FOWLER (for himself, Mr. LEAHY, Mr. PRYOR, Mr. KERREY, Mr. CONRAD, and Mr. BOREN):

S. 1019. A bill to amend the Rural Electrification Act of 1936 to establish a nationwide rural star school program to improve educational opportunities in rural areas, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. BRADLEY (for himself and Mr. MATSUNAGA):

S. 1020. A bill to amend the Foreign Assistance Act of 1961 to authorize appropriations for the Child Survival Fund and for other health and disease assistance programs; to the Committee on Foreign Relations.

By Mr. McCAIN:

S. 1021. A bill to provide for the protection of Indian graves and burial grounds, and for other purposes; to the Select Committee on Indian Affairs.

By Mr. INOUYE:

S. 1022. A bill to amend the Communications Act of 1934 to provide authorization of appropriations for the Federal Communications Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. DASCHLE (for himself, Mr. LEAHY, Mr. PRYOR, and Mr. CONRAD):

S. 1023. A bill to provide grants by the Department of Agriculture for technology and emergency assistance to benefit rural areas, to target Rural Electrification Administration investments toward business development, telecommunications improvement, and community planning, to assist distressed rural hospitals with FmHA community facility loans, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DASCHLE (for himself, Mr. LEAHY, and Mr. CONRAD):

S. 1024. A bill to improve the coordination of the rural development efforts of the Department of Agriculture, and to increase the rural development efforts of the Rural Electrification Administration, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KERRY:

S. 1025. A bill to authorize appropriations to carry out the Magnuson Fishery Conservation and Management Act for fiscal years 1990, 1991, and 1992, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. MOYNIHAN:

S. 1026. A bill to prevent abuses of the HUD section 8 Moderate Rehabilitation Program; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HARKIN (for himself and Mr. CONRAD):

S. 1027. A bill to enhance the role of the Rural Electrification Administration in rural development and in small community water and sewer improvement, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. BOREN (for himself, Mr. LEAHY, Mr. PRYOR, and Mr. CONRAD):

S. 1028. A bill to amend the Consolidated Farm and Rural Development Act to establish Farmers Home Administration loan rates for health care facilities based on the average per capita income of the area to be served, to increase water facility grant authorization levels, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. BAUCUS (for himself and Mr. LEAHY):

S. 1029. A bill to establish a nationwide business "incubator" program to be administered by the Rural Electrification Administration, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. KERREY (for himself, Mr. LEAHY, and Mr. CONRAD):

S. 1030. A bill to improve telecommunications links for rural businesses, to make available to rural areas information concerning the availability of rural development assistance programs through the National Agriculture Library, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DOMENICI:

S. 1031. A bill to establish an Engineering Extension Service as a mission of the Energy Extension Service to enable entrepreneurs to receive engineering information vital to such businesses, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HEINZ (for himself and Mr. HARKIN):

S. 1032. A bill to amend the Agricultural Act of 1949 to establish eligibility requirements for agricultural commodity price support programs with respect to the delivery of irrigation; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. SPECTER:

S.J. Res. 136. Joint resolution designating August 8, 1989 as "National Neighborhood Crime Watch Day"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MITCHELL:

S. Con. Res. 38. Concurrent resolution providing for a conditional recess or adjournment of the Senate from May 18 or 19, 1989 until May 31, 1989, and a conditional adjournment of the House from May 25, 1989 until May 31, 1989; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CONRAD (for himself, Mr. HARKIN, Mr. LEAHY, Mr. MITCHELL, Mr. FOWLER, and Mr. DASCHLE):

S. 1008. A bill to promote the growth and economic diversification of, and to increase business and employment opportunities in rural America, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

RURAL INVESTMENT FUND ACT

Mr. CONRAD. Mr. President, I am pleased to rise today to introduce the Rural Investment Fund Act of 1989. I do so on behalf of myself, Senators HARKIN, LEAHY, MITCHELL, FOWLER and DASCHLE. This bill will help provide the needed capital for rural small business retention, creation, and expansion.

In my meetings and discussions with bankers, economic development authorities, and small businesses in North Dakota, it is clear that rural America is facing severe economic decline. Unemployment, underemployment, poverty, and outmigration are increasingly significant problems in rural communities throughout the country. The lack of economic diversity in rural areas has made these rural areas more vulnerable during economic downturns.

Although 25 percent of our Nation's population lives in rural areas, this number is declining rapidly. Across the Nation, rural areas are experiencing losses in population and job availability. The Agriculture Department estimates that rural America lost 630,000 people due to outmigration in 1985-86 alone—a larger number than the average of either the fifties or sixties. Many college graduates leave rural areas due to lack of job opportunities, not because of a desire to leave their home State.

And in 1986, more than 1,000 rural counties had an annual average unemployment rate exceeding 9 percent.

Previously, rural policy focused almost solely on agricultural issues; however, the problems of rural areas extend beyond these issues. While agriculture will always be important to the rural economy, one key to rural economic development is diversification.

By shifting our legislative focus towards new business development we can rebuild our rural communities, enabling them to make a larger contribution to the global economic issues facing our country.

Most rural areas lack access to adequate capital to shift their focus to diversify their economic base. From discussions with North Dakotans, I have learned the problem is not just the cost of capital, but its availability. Most owners of rural small businesses find themselves relying upon personal savings, funds provided by family members, or personal loans by friends, especially for long-term credit.

Rural businesses have difficulties in obtaining sufficient capital from local lending institutions. The commercial lenders in rural areas do not directly provide equity capital, but generally make loans to meet short-term working capital needs. Small rural businesses who need capital have to rely on a relatively limited array of potential investors. Access to venture capital firms and investment banks is also limited.

In the past decade, small businesses have out-performed large businesses in creating jobs. The Small Business Administration reports that in 1988, small business continued to lead in job generation. However, rural areas are not experiencing this growth in small business. With the population movement to metropolitan areas and with the lack of available capital, it should be no surprise that small business growth in rural areas is 30-percent slower than in urban areas. In North Dakota, small business starts declined 29.4 percent between March 1987 and March 1988.

The Rural Investment Fund Act establishes an investment fund of $100 million per year for 3 years. This fund will be established under the Rural Partnerships Investment Board and authorizes it to provide lines of credit to State or local entities to form revolving loan funds for small business retention, creation, and expansion. These entities will serve rural areas, and include economic development districts, State agencies, counties, towns, townships, or nonprofit private community development corporations. As the funds are repaid to the lending entity, they will go into the entities' permanent revolving loan fund and will later be replaced to create more jobs.

State entities may receive a line of credit up to $1,250,000 over 5 years and all other entities may receive up to $750,000 over 5 years. Eligible entities are to be funded in at least 45 States. The maximum amount of funding to any one State will not exceed $10 million.

To receive the partnership funds, the entities must receive commitments from other sectors to match funds equal to the line of credit to be extended.

The revolving loan funds must be matched by other sectors and used for rural small business retention, creation, or expansion. The loan funds may be used to provide debt or equity capital, on loan guarantees. At least one bank, savings and loan, or community development corporation must provide at least a 50-percent match of each investment or loan made to each business applicant.

These partnerships will work well with existing Federal programs to provide powerful mechanisms to ensure rural businesses have access to much needed capital.

The trends of unemployment, underemployment and outmigration cannot continue. Rural America needs help now. Like the national and international economies, the urban and rural economies are interdependent. We can not afford to wait.

Revitalizing the rural economy must be a high priority in the 101st Congress. I believe this bill will help to encourage investment in rural America and contribute to its recovery.

I urge my colleagues to support this bill, and I ask unanimous consent that the text of the bill be printed in the RECORD.

S. 1008

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Investment Fund Act of 1989".

SEC. 2. DEFINITIONS.

As used in this Act:

(1) BOARD.—The term "Board" means the Board of Directors of the Rural Partnerships Investment Board established in section 3(b).

(2) ELIGIBLE ENTITY.—The term "eligible entity" means a corporation that—

(A) is a nonprofit private corporation or a public entity that is—

(i) the governing body of each public regional organization (such as the governing body of an economic development district) that is chartered or otherwise organized under State law for the purpose of promoting economic development;

(ii) the agency of each State that is primarily responsible for rural economic development programs within the State;

(iii) the governing body of a country or other political subdivision of a State;

(iv) the governing body of a town or township within a State;

(v) an incorporated public organization or a nonprofit private community development corporation, or similar nonprofit private organization, that is chartered or otherwise organized under State law for the purpose of promoting economic development; or

(vi) an Indian tribe (as defined in section 4(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), any Indian organization or entity chartered under the Act of June 18, 1934 (25 U.S.C. 1001 et seq.) commonly known as the "Indian Reorganization Act", or any tribal organization (as defined in the section 4(c) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(c)); and

(B) meets the requirements of paragraphs (3) and (5) of section 4(c);

(C) possesses the powers reasonably necessary to perform the functions and activities described in this Act;

(D) has a professional staff and management ability (including adequate accounting, legal, and business servicing abilities or experience); and

(E) meets any other requirements established by the Board to carry out this Act.

(3) INVESTMENT BOARD.—The term "Investment Board" means the Rural Partnerships Investment Board established in section 3(a).

(4) LOCAL BUSINESS.—The term "local business" means—

(A)(i) a business concern, located in a rural area, that—

(I) is incorporated under State law; and

(II) is independently owned and operated as defined by the Board; and

(ii) an individual who plans to organize and operate an entity of the type described in subparagraph (A); and

(B) that meets additional requirements that are established by the Board to carry out the intent of this Act.

(5) METROPOLITIAN COUNTY.—The term "metropolitan county" means a county that contains at least a part of a metropolitan statistical area as designated by the Office of Management and Budget.

(6) RURAL AREA.—The term "rural area" means all territory of a State that is not within a metropolitan statistical area or the outer boundary of any city or town having a population of 20,000 or more based on the latest dicennial census of the United States.

(7) RURAL FUND.—The term "Rural Fund" means the Rural Business Investment Fund established under section 4(a).

(8) SECRETARY.—The term "Secretary" means the Secretary of Agriculture, unless otherwise specified in this Act.

(9) STATE.—The term "State" means any of the 50 States.

SEC. 3. RURAL PARTNERSHIPS INVESTMENT BOARD.

(a) ESTABLISHMENT.—There is established a "Rural Partnerships Investment Board" to provide lines of credit to eligible entities whose applications have been approved by the Board, to enable such entities to establish, maintain, or expand revolving funds that are used for loans, or to guarantee loans, or for other investments in new or expanding rural local businesses in conjunction with loans or other investments made by banks (as defined in section 2(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841(c))), savings and loan associations (as defined in title IV of the National Housing Act, as amended (12 U.S.C. 1724 et seq.)), or community development credit unions.

(b) BOARD OF DIRECTORS.—

(1) IN GENERAL.—The Board of Directors of the Investment Board shall consist of—

(A) the Administrator of the Rural Electrification Administration;

(B) the Administrator of the Farmers Home Administration;

(C) the Administrator of the Extension Service of the Department of Agriculture; and

(D) two members who shall be experienced in rural development and related matters to be appointed by the President with the advice and consent of the Senate, of which each member shall be from a separate political party.

(2) CHAIRPERSON.—The Chairperson of the Board shall be elected by the members of the Board from among the Board members who are Administrators under subparagraphs (A) through (C) of paragraphs (1), and shall serve for a 2-year period. Such Chairperson may serve consecutive terms.

(3) VACANCIES.—Vacancies on the Board shall be filled in the same manner as the vacant position was previously filled.

(4) CHIEF EXECUTIVE OFFICER.—A chief executive officer shall be selected by the Board and shall serve at the pleasure of the Board.

(5) QUORUM.—A quorum shall consist of three members of the Board. All decisions made by the Board shall require an affirmative vote of a majority of the members.

(6) COMPENSATION.—Members of the Board—

(A) appointed under subparagraphs (A), (B), and (C) of paragraph (1) shall receive reasonable allowances for necessary expenses of travel, lodging, and subsistence incurred in attending meetings and other activities of the Investment Board, as set forth in the bylaws issued by the Board of Directors, except that such level shall not exceed the maximum fixed by subchapter 1 of chapter 57 of title 5, United States Code, for officers and employees of the United States; and

(B) appointed under subparagraph (D) of paragraph (1) shall receive compensation for the time devoted to meetings and other activities at a daily rate not to exceed the daily rate of compensation prescribed for Level III of the Executive Schedule under section 5314 of title 5, United States Code, and reasonable allowances for necessary expenses of travel, lodging, and subsistence incurred in attending meetings and other activities of the Investment Board, as set forth in the bylaws issued by the Board of Directors, except that such level shall not exceed the maximum fixed by subchapter 1 of chapter 57 of title 5, United States Code, for officers and employees of the United States.

(7) RULES AND RECORDS.—The Board shall adopt such rules and procedures as it may consider appropriate for the transaction of the business of the Investment Board, and shall keep permanent and accurate records and minutes of its acts and proceedings.

(c) POWERS OF THE INVESTMENT BOARD.—The Investment Board shall be a body corporate that shall have the power to—

(1) operate under the direction of its Board;

(2) adopt, alter, and use a corporate seal, which shall be judicially noted;

(3) provide for one or more officers, employees, and agents, as may be necessary, define their duties, and require surety bonds or make other provisions against losses occasioned by acts of such persons;

(4) hire, promote, compensate, and discharge officers and employees of the Investment Board, without regard to title 5, United States Code, except that no such officer or employee shall receive an annual rate of basic pay in excess of the rate prescribed for Level III of the Executive Schedule under section 5314 of title 5, United States Code;

(5) prescribe by its Board its bylaws, that shall be consistent with law, and that shall provide for the manner in which—

(A) its officers, employees, and agents are selected;

(B) its property is acquired, held, and transferred;

(C) its general operations are to be conducted; and

(D) the privileges granted by law are exercised and enjoyed;

(6) with the consent of any executive department or independent agency, use the information, services, staff, and facilities of such in carrying out this Act;

(7) enter into contracts and make advance, progress, or other payments with respect to such contracts;

(8) sue and be sued in its corporate name, and complain and defend in courts of competent jurisdiction;

(9) acquire, hold, lease, mortgage, or dispose of, at public or private sale, real and personal property, and otherwise exercise all the usual incidents of ownership of property necessary and convenient to its operations;

(10) modify or consent to the modification of any contract or agreement to which it is a party or in which it has an interest under this Act;

(11) make such rules and regulations as the Board determines necessary and appropriate to carry out the authority vested in the Board under this Act;

(12) procure the temporary (not in excess of 2 years) or intermittent services of experts or consultants or organizations thereof, and in such cases such services shall be without regard to the civil service and classification laws and without regard to section 5 of title 41, at rates not to exceed the daily equivalent of the highest rate payable under section 5332 of title 5, United States Code, including traveltime, and while such individual is away from the home or regular place of business of such individual, travel expenses as authorized under section 5703 of title 5, United States Code; and

(13) exercise other powers as set forth in this Act, and such other incidental powers as are necessary to carry out its powers, duties, and functions in accordance with this Act.

SEC. 4. ESTABLISHMENT OF INVESTMENT FUND.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established in the Treasury of the United States a fund for the use of the Board in carrying out the provisions of this Act that shall be known as the "Rural Business Investment Fund".

(2) AVAILABILITY.—The Fund established under paragraph (1) shall be available to the Board to provide lines of credit for revolving funds to be operated by approved eligible entities to serve local businesses in rural areas.

(b) USE.—

(1) LINES OF CREDIT.—Amounts contained in the fund established under subsection (a) shall be used by the Board to provide lines of credit in amounts determined appropriate by the Board, but in no event shall any such line of credit exceed $750,000 to an approved eligible entity. Each line of credit shall be made available over a period of time established by the Board for each such entity, but in no event shall any such period of time extend beyond the date on which the Investment Board is terminated under section 5(m).

(2) EXCEPTION.—Notwithstanding paragraph (1), if the approved eligible entity is the agency of any State that is primarily responsible for the rural economic development programs within such State, and if such agency agrees to serve all rural areas of the State regarding assistance provided under this Act, the Board may provide a line of credit to such agency in an amount that shall not exceed $1,250,000, to be provided in the manner described in paragraph (1).

(3) AMOUNTS DRAWN FROM LINE.—Amounts drawn from each line of credit by each approved eligible entity shall be used solely as provided under this Act.

(c) APPLICATIONS OF ELIGIBLE ENTITIES FOR LINES OF CREDIT.—

(1) FEDERAL REGISTER NOTICES.—The Board shall publish notices of solicitations for applications for lines of credit in the Federal Register and such notices shall contain—

(A) the application procedures established by the Board;

(B) the application requirements of paragraph (3);

(C) the deadlines for submission of applications (which in no event shall be less than 150 days after the publication of the applicable notice);

(D) a copy of all available response forms;

(E) a summary of the functions of the Board regarding applications; and

(F) other information determined appropriate by the Board.

(2) SUBMISSION AND CONSIDERATION.—An eligible entity that desires to receive a line of credit under this Act shall submit an application to the Board at such time, in such form, and containing such information and documentation, including a description of the areas to be served, as the Board shall prescribe under paragraph (1), and the Board shall consider each such application based on the requirements of this Act.

(3) ELIGIBLE ENTITY.—

(A) MATCHING FUNDS.—In order for an application to be considered for approval by the Board for a line of credit, each eligible entity that submits an application shall—

(i) certify in writing that it shall use such funds as part of a revolving fund to invest in, lend funds to, or guarantee loans made to, local businesses in accordance with this Act; and

(ii)(I) agree to provide matching funds (Federal funds shall not be used to satisfy such matching requirement), in amounts that are at least equal to the amount of the line of credit to be provided by the Board, that shall be in the form of—

(aa) cash or cash equivalents; or

(bb) letters of credit in favor of the eligible entity issued or submitted by banks, savings and loan associations, insurance companies, similar Federally regulated financial institutions, local or State governments or private philanthrophic foundations, as determined appropriate and acceptable by the Board; or

(II) demonstrate, through procedures determined appropriate and acceptable by the Board, that banks, savings and loan associations, or community development credit unions are prepared to participate with the eligible entity in a lending, guarantee, or investment program for the benefit of local businesses, and that the total financial commitment demonstrated by the letters of intent or other documents is at least equal to the value of the line of credit for which the eligible entity is applying.

(B) EXCEPTION FOR CERTAIN ELIGIBLE ENTITIES.—If the average per capita income level

of the counties containing the rural areas served by an eligible entity is less than 70 percent of the national average per capita income for the most recent year for which such information is available, each such eligible entity shall only be required to match 50 percent of the funds provided by the Board in the same manner described in paragraph (3)(A)(ii) (I) or (II). A list of the average per capita income and population of each county in the United States that contains rural areas, and the national average per capita income for such year, shall be published in the Federal Register and otherwise made available by the Board to the public.

(4) MONITORING COMPLIANCE.—The Board shall establish procedures to monitor the compliance of each eligible entity participating in the program authorized by this Act with the requirements of this Act.

(5) ELIGIBLE ENTITY REVOLVING FUND REQUIREMENT.—To be eligible to receive a line of credit from the Rural Fund, the applicant eligible entity shall—

(A) demonstrate its ability or potential capacity to make sound business, lending and investment decisions and to provide business counseling and technical assistance;

(B) demonstrate its ability to operate consistent with the requirements of this Act and to increase the availability of credit in rural areas to promote the creation or expansion of viable businesses in rural areas;

(C) identify the proposed service area, which shall have common characteristics (such as a similar industrial, labor, or other markets, similar geographic or socioeconomic conditions, or other related considerations), and, to the extent that such area includes any towns or townships, such towns or townships shall be served in their entirety; and

(D) provide an assurance that its service area will consist of an area within the State whose median household income was less than the Statewide nonmetropolitan median household income for such State.

(6) FACTORS IN APPROVAL OF APPLICATIONS.—In determining which applications to approve, and the maximum amount of funds to be offered in each line of credit, the Board shall grant a preference to eligible entities—

(A) that have experience in serving local credit or equity needs and in making sound business and investment decisions, or that have the ability to serve such needs and make such decisions;

(B) whose boards of directors, or governing bodies if no such board exists, are composed of a cross-section of individuals (such as individuals with a business, community development or regional development background, or individuals who are State, local or county government officials, or individuals involved in banking, financial, or other investment activities);

(C) that agree, and are able, to provide funds that are in excess of the funds to be provided by the Board to such eligible entity under this Act;

(D) that are likely to stimulate significant job creation or retention and new business creation or business expansion per dollar of funds provided under this section;

(E) that submit applications that demonstrate the ability and willingness to provide continuing technical and management assistance, training, financial and business guidance, and planning, to approved local businesses;

(F) that demonstrate that the activities of the eligible entity are consistent with State, county or local goals, whichever is applicable, regarding long-term economic growth and community development; and

(G) that submit applications containing a comprehensive investment strategy, developed in consultation with the applicable State, regional, county or local unit of government.

(7) GEOGRAPHIC SPREAD.—

(A) IN GENERAL.—In awarding lines of credit under this section the Board shall attempt, as much as reasonably practicable and consistent with sound financial judgment, to assure that all rural regions of the United States benefit from such awards.

(B) MINIMUM AMOUNT OF FUNDS.—After considering the availability of qualified applications, and if consistent with good investment practices and the other requirements of this Act, the Board shall approve the application of at least one eligible entity in each of at least 45 States. The Board shall, to the maximum extent practicable and appropriate, ensure that eligible entities that are approved by the Board in any given State receive at least $750,000 (per State) out of the funds provided under subsection (d).

(C) MAXIMUM AMOUNT OF FUNDS.—The total amount of funds provided under this Act to eligible entities in any State shall not exceed $10,000,000.

(D) SPECIAL PROGRAM.—

(i) IN GENERAL.—The Board shall issue regulations to establish a program that targets the benefits of the Federal lines of credit provided under this section to those rural areas and residents with special needs.

(ii) FIVE PERCENT RULE.—If consistent with sound investment practices, not less than 5 percent of the funds appropriated under subsection (d) shall be issued to eligible entities that will serve—

(i) local businesses located in very distressed rural areas, as defined by the Board; and

(ii) local businesses located in rural areas that provide beneficial services to rural residents such as improved medical, hospital, or health care, licensed day care activities, improved services for the handicapped, the disabled, the elderly or other needy individuals, improved educational opportunities, improved public transportation services for needy individuals, or other related services as determined appropriate by the Board.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $100,000,000 in each of fiscal years 1990 through 1992 to be made available to the Rural Fund and the Board for the purpose of carrying out this Act.

(e) RELOCATION AND REFINANCING.—The Board shall establish rules and procedures to prohibit eligible entities from using the assistance received under this Act for loans and investments, or for issuing guarantees, that would—

(1) facilitate the relocation of a local business from one community to another; or

(2) refinance the existing debt of a local business, except that such refinancing may be undertaken with such assistance if it is undertaken in conjunction with a substantial expansion effort by the local business.

SEC. 5. LOCAL REVOLVING FUNDS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—Each eligible entity approved by the Board to participate in the program established under this Act shall establish a local revolving fund account in which to deposit—

(A)(i) amounts received from the Board under this Act;

(ii) any local matching funds received under section 4(c)(3)(A); and

(iii) any profits or income derived from the activities of the revolving fund established under this subsection; less

(B) reasonable operating expenses or losses incurred in administering such fund.

(2) PLACE OF ESTABLISHMENT.—Each local revolving fund established under this subsection may be established in one or more member banks of the Federal Reserve System or any Federally insured State nonmember bank (as defined in section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)) and the funds, except as used as authorized in subsection (b), shall be held in cash and receive interest or be invested in direct obligations of the United States or in obligations guaranteed by the United States or an agency thereof.

(b) USE OF FUND.—Amounts in the local revolving fund may be used—

(1) to provide debt or equity capital, or loan guarantees, to local approved businesses as authorized in this Act, under procedures established by the Board;

(2) to cover the costs of providing training, business or financial planning, management or technical assistance to local approved businesses in amounts that do not exceed amounts or levels described in standards established by the Board;

(3) if financial investments are made in the eligible entity in accordance with section 4(c)(3)(A)(ii)(I)(aa) or (bb), to provide for a return of capital to non-Federal investors in the revolving fund, except that if such revolving fund experiences capital or other losses the share of returned capital under this paragraph shall be proportionately, or otherwise appropriately reduced to reflect such loss, under procedures established by the Board; or

(4) to cover reasonable operating or capital expenses, losses, or for other charges as prescribed in rules or standards established by the Board.

(c) DECISIONS CONCERNING FUNDING.—Eligible entities that receive a line of credit under section 4 shall make case-by-case determinations concerning applications submitted by each local business for loans, equity capital or loan guarantees, under general procedures and requirements established by the Board.

(d) REQUIREMENT OF PARTNERSHIPS FOR LOANS OR INVESTMENTS—Funds in each local revolving fund shall be loaned or invested only if one or more banks, savings and loan institutions, or community development credit unions, under procedures established by the Board, provide at least 50 percent of each investment or loan made by each such revolving fund to each such local business, or provide the funds that are guaranteed by such local revolving fund.

(e) INVESTMENT SIZE LIMITS.—

(1) IN GENERAL.—Partnership loans, investments, and any guarantees made by each eligible entity that receives assistance from the Rural Fund, shall not exceed $500,000, in total, in any given calendar year, to the same approved local business or to other local businesses that are financially connected or otherwise related to such local business (as defined by the Board). The provisions of this subtitle shall not limit the total amount of loans from sources other than eligible entities that each local business may receive.

(2) INELIGIBILITY.—Any local business that employs 100 or more employees shall not be eligible to receive assistance from a local re-

volving fund that receives assistance under this Act.

(f) SUBORDINATED INTEREST OF LOCAL REVOLVING FUND.—If a bank, savings and loan association, or a community development credit union has made an investment in a local business in conjunction with an investment made out of the revolving fund of an approved eligible entity, the amount invested by such revolving fund in such local business may be subordinated to the other investments in any instance, to any degree, and in any manner.

(g) OTHER INVESTORS.—A bank, savings and loan association, or community development credit union that contributes capital to an eligible entity that receives Federal assistance under this Act may establish contractual arrangements with such entity concerning the return of such investments in the local revolving fund consistent with subsection (b)(3).

(h) ADDITIONAL CAPITAL.—The Board shall promulgate regulations that provide each participating eligible entity with a sufficient amount of time to obtain additional capital or lines of credit, if any investors, pursuant to the contract with the eligible entity under subsection (g), withdraw some or all of their investment.

(i) CONTINUATION OF LINE OF CREDIT.—A line of credit provided to an approved eligible entity under section 4 for use in a local revolving fund shall continue to be available to be drawn down upon until the Investment Board is terminated or until the line of credit is canceled, revoked or suspended by the Board as described in subsections (j), (k), or (l).

(j) CANCELLATION OF LINE OF CREDIT.—The Board may cancel any prospective payments to be made from any approved line of credit under this Act if the Board determines that the eligible entity participating in the program established under this Act made investments or acted in a manner that was inconsistent with the provision of this Act.

(k) CONTINUATION OF BUSINESS PROMOTION ACTIVITIES.—

(1) INITIAL FEDERAL CONTRIBUTION.—The Federal assistance provided to each eligible entity under this Act shall become the property of each such entity on the termination of the Investment Board if—

(A) the eligible entity that administers the local revolving fund has operated the fund in a manner that is consistent with this Act as determined by the Board; and

(B) the eligible entity contracts with the Board and the Secretary to continue to provide lending, investment, and guarantee assistance consistent with this Act.

(2) EXCEPTION.—

(A) DEVELOPMENT OF MONITORING PROCEDURES.—Not later than the date on which the Investment Board is terminated, the Secretary shall develop procedures to enable the Secretary to monitor the operations of eligible entities that receive Federal assistance under this Act which continue to exist on the date the Board is terminated.

(B) REFUND OF FUNDS.—Notwithstanding paragraph (1), if the Secretary finds that the purpose of any eligible entity is no longer to promote business development in a manner consistent with this Act, the Secretary shall require the eligible entity to refund to the Secretary of the Treasury an amount equal to the amount of funds drawn out of the Federal line of credit issued to the eligible entity together with an appropriate amount of interest on such amount, as determined by the Secretary.

(C) HEARINGS.—The Secretary shall establish rules and procedures—

(i) to determine the amount of interest required under subparagraph (B); and

(ii) to provide a hearing to any eligible entity aggrieved by any order of the Secretary under this paragraph if such entity requests such a hearing within 30 days after receiving the order of the Secretary.

(D) JUDICIAL REVIEW.—

(i) RIGHT.—If any eligible entity determines that it is aggrieved by any final decision of the Secretary issued under subparagraph (B), it may obtain judicial review of such decision by filing, not later than 30 days after the date of the delivery or service of the final decision, a complaint against the United States in the United States court for the district in which such entity resides or is engaged in business.

(ii) TRIAL DE NOVO.—An action commenced under clause (i) shall be by a trial de novo by the court.

(iii) EFFECT OF ORIGINAL DECISION.—During the pendency of an action for judicial review under this clause, or an appeal of a decision concerning such action, the administrative action of the Secretary contained in the decision that is under review shall be and remain in full force and effect except as provided in clause (iv).

(iv) STAY OF ACTION.—The requirement of clause (iii) shall not apply, and the court may issue a stay of such action, if

(I) an application to the court is filed not later than 10 days after the filing of the original action in such court;

(II) a hearing on such application has been held; and

(III) the court, after considering the application filed under this clause, determines that the applicant is likely to prevail on the merits of the original action and that irreparable injury will be done if a stay of such action is not issued.

(v) INTEREST.—Interest shall accrue in favor of the Secretary on any amounts determined to be due to the Secretary by the final judicial disposition.

(l) ANNUAL REPORTS TO THE BOARD.—

(1) IN GENERAL.—Each eligible entity that receives assistance under this Act shall annually prepare and submit to the Board, at such time, and in such form as the Board may require, a report describing the financial condition of the eligible entity, and the investments, cash revenues, income from investments, loans made, equity positions taken, guarantees issued, losses sustained or taken, operating expenses, loss rates, and such other matters as the Board determines appropriate concerning the eligible entity.

(2) POST TERMINATION.—After the Board terminates under subsection (m), the reports required under paragraph (1) shall be submitted to the Secretary who shall stand in the same position as the Board under such paragraph.

(m) TERMINATION OF BOARD.—The Investment Board established by section 3(a) shall terminate on the last day of the 5th calendar year following the date of enactment of this Act.

SEC. 6. COMPLIANCE AND ENFORCEMENT.

(a) REVOCATION OF LINE OF CREDIT AND REFUND.—

(1) GROUNDS FOR REVOCATION.—A line of credit shall be revoked or suspended by the Board, and a full refund of the Federal investment shall be requested by the Board—

(A) for false statements knowingly made in any written statement required under this Act, or under any regulation or Federal Register notice issued under this Act;

(B) if any written statement required under this Act, or under any regulation or Federal Register notice issued under this Act, fails to state a material fact necessary in order to make the statement not misleading in the light of the circumstances under which the statement was made;

(C) for willful or repeated violation of, or willful or repeated failure to observe, any provision of this Act;

(D) for willful or repeated violation of, or willful or repeated failure to observe, any rule or regulation authorized under this Act; or

(E) for violation of, or failure to observe, any cease and desist order issued by the Board under this subsection.

(2) CEASE AND DESIST ORDERS.—Where an eligible entity has not complied with any provision of this Act, or of any regulation issued pursuant thereto, or is engaging or is about to engage in any acts or practices that constitute or will constitute a violation of such Act or regulation, the Board may order such entity to cease and desist from such action or failure to act. The Board may further order such entity to take such action or to refrain from such action as the Board determines necessary to insure compliance with this Act and the regulations issued thereunder.

(3) ORDER TO SHOW CAUSE, CONTENTS, AND HEARING.—

(A) ORDER.—Prior to revoking or suspending a line of credit under paragraph (1), or issuing a cease and desist order under paragraph (2), the Board shall serve on the eligible entity an order to show cause why an order revoking or suspending the line of credit or a cease and desist order should not be issued.

(B) CONTENTS.—An order to show cause under subparagraph (A) shall contain a statement of the matters of fact and law asserted by the Board and the legal authority and jurisdiction under which a hearing is to be held, and shall state that a hearing will be held before the Board at a time and place stated in the order.

(C) HEARING.—If after hearing under subparagraph (B), or a waiver thereof, the Board determines on the record that an order revoking or suspending the line of credit, or a cease and desist order should issue, or an order requiring a refund of the Federal investment in addition to reasonable interest thereon should issue, the Board shall promptly issue such order, which shall include a statement of the findings of the Administration and the reasons for such findings and specify the effective date of the order, and shall cause the order to be served on the entity.

(4) SUBPOENA OF PERSONS, BOOKS, PAPERS, AND DOCUMENTS; FEES AND MILEAGE; ENFORCEMENT.—

(A) SUBPOENA.—The Board may require by subpoena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to the hearing from any place in the United States.

(B) FEES AND MILEAGE.—Witnesses summoned before the Board shall be paid by the party at whose instance such witnesses were called the same fees and mileage that are paid witnesses in the courts of the United States.

(C) ENFORCEMENT.—In the case of disobedience to a subpoena under this paragraph, the Board, or any party to a proceeding before the Board, may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of books, papers, and documents.

(5) PETITION TO MODIFY OR SET ASIDE ORDER; FILING, TIME AND PLACE, ADMINISTRATION TO SUBMIT RECORD; ACTION OF COURT; REVIEW.—

(A) IN GENERAL.—An order issued by the Board under this subsection shall be final and conclusive unless not later than 30 days after the service thereof the eligible entity appeals to the United States court of Apeals for the circuit in which such corporation has its principal place of business by filing with the clerk of such court a petition praying that the order of the Board be set aside or modified in the manner stated in the petition.

(B) FILING.—

(i) LEAVE OF COURT.—After the expiration of the 30-day period referred to in subparagraph (A), a petition may be filed only by leave of court on a showing of reasonable grounds for failure to file the petition prior to the expiration of such period.

(ii) CERTIFICATION.—The clerk of the court shall, on filing, cause a copy of the petition to be delivered to the Board and the Board shall certify and file in the court a transcript of the record on which the order was entered. If prior to the filing of such record the Board amends or sets aside its order, in whole or in part, the petitioner may amend the petition within such time as the court may determine, after providing notice to the Board.

(C) STAY OR SUSPENSION OF ORDER.—The filing of a petition for review under this paragraph shall not of itself stay or suspend the operation of the order of the Board, but the court of appeals in its discretion may restrain or suspend, in whole or in part, the operation of the order pending the final hearing and determination of the petition.

(D) ACTION BY COURT.—The court may affirm, modify, or set aside the order of the Board.

(E) ADDITIONAL EVIDENCE.—

(i) DETERMINATION.—If the court determines that the just and proper disposition of the case requires the taking of additional evidence, the court shall order the Board to reopen the hearing for the taking of such evidence, in such manner and on such terms and conditions as the court may consider appropriate.

(ii) FINDINGS.—The Board may modify its findings as to the facts, or make new findings, by reason of the additional evidence taken under this subparagraph, and it shall file its modified or new findings and the amendments, if any, of its order, with the records of such additional evidence.

(F) CONSIDERATION OF OBJECTIONS.—No objection to an order of the Board shall be considered by the court unless the objection was argued before the Board or, if it was not so argued, unless there were reasonable grounds for failure to do so.

(G) REVIEW.—The judgment and decree of the court affirming, modifying, or setting aside any such order of the Board shall be subject only to review by the Supreme Court of the United States on certification or certiorari as provided in section 1254 of title 28.

(6) ENFORCEMENT OF ORDER.—If the entity against which or against whom an order is issued under this subsection fails to obey the order, the Board may apply to the United States Court of Appeals, within the circuit where the entity has its principal place of business, for the enforcement of the order, and shall file a transcript of the record on which the order complained of was entered. On the filing of the application the court shall cause notice thereof to be served on the entity. The evidence to be considered, the procedure to be followed, and the jurisdiction of the court shall be the same as is provided in paragraph (5) for applications to set aside or modify orders.

(b) INVESTIGATIONS AND EXAMINATIONS.—

(1) AUTHORITY.—

(A) IN GENERAL.—The Board may conduct such investigations as the Board considers necessary to determine whether an eligible entity has engaged in any acts or practices that constitute or will constitute a violation of any provision of this Act, or of any regulation issued under this Act, or of any order issued under this section.

(B) FILING OF STATEMENTS.—The Board shall permit any individual to file a statement with the Board that is in writing, under oath or otherwise as the Board shall determine, as to all the facts and circumstances concerning the matter to be investigated.

(C) SUBPOENA.—For the purpose of any investigation under this subsection, the Board may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents that are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States.

(D) REFUSAL TO OBEY.—In case of contumacy by, or refusal to obey a subpoena issued to, any individual, including an entity or corporation, the Board may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such individual resides or carries on business activity, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents, and such court may issue an order requiring such individual to appear before the Board, to produce records, if so ordered, or to give testimony touching the matter under investigation.

(E) CONTEMPT.—A failure to obey an order of the court under this subsection shall be punishable by such court as a contempt thereof. All process in any such case may be served in the judicial district where such individual is an inhabitant or wherever such individual may be found.

(2) EXAMINATIONS AND REPORTS.—

(A) EXAMINATIONS.—An eligible entity under this Act shall be subject to examinations made by the Board through examiners selected or approved by the Board, and the cost of such examinations, including the compensation of the examiners, may in the discretion of the Board be assessed against the entity examined and when so assessed shall be paid by such entity.

(B) REPORTS.—Such entities shall prepare and submit reports to the Board at such times and in such form as the Board may require.

(3) EXAMINATIONS.—Each eligible entity shall be examined and audited at least once every 2 years, under procedures established by the Board, to determine whether or not such entity has been operated in a manner consistent with this Act and in an otherwise lawful manner, except that the Board may waive the examination requirement for up to 1 additional year if, in its discretion, the Board determines that such a delay would be appropriate based on the prior operating experience of the entity, the contents and results of the last examination and the management expertise of the entity.

(c) INJUNCTIONS OR OTHER ORDERS.—

(1) GROUNDS AND JURISDICTION OF COURT.—Whenever, in the judgment of the Board an eligible entity has engaged or is about to engage in any acts or practices that constitute or will constitute a violation of any provision of this Act, or of any regulation under this Act, or of any order issued under this section, the Board may apply to the proper district court of the United States or a United States court located in any jurisdiction subject to the laws of the United States, for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, rule, regulation, or order. Such court shall have jurisdiction over such actions and, on a showing by the Board that such entity has engaged in or is about to engage in such acts or practices, may issue a permanent or temporary injunction, restraining order, or other order without bond.

(2) EQUITY JURISDICTION OF CORPORATION AND ASSETS.—In any proceeding under this section the court as a court of equity may, to such extent as it considers necessary, declare that such court has exclusive jurisdiction over the entity and the assets thereof, wherever located. Such court shall have jurisdiction in any such proceeding to appoint a trustee or receiver to hold or administer under the direction of the court the assets so possessed.

(3) TRUSTEESHIP OR RECEIVERSHIP.—The Board shall have authority to act as trustee or receiver of an entity under this section. On request by the Board, the court may appoint the Board to act in such capacity unless the court determines such appointment to be inequitable or otherwise inappropriate because of the special circumstances involved.

(d) UNLAWFUL ACTS AND OMISSIONS BY OFFICERS, DIRECTORS, EMPLOYEES, OR AGENTS.—

(1) VIOLATION OF ACT.—Wherever an eligible entity violates any provision of this Act or regulation issued under such Act by reason of such entity failure to comply with the terms thereof, or by reason of such entity engaging in any act or practice that constitutes or will constitute a violation thereof, such violation shall be considered to be a violation and an unlawful act on the part of any individual who, directly or indirectly, authorizes, orders, participates in, or causes, brings about, counsels, aids, or abets in the commission of any acts, practices, or transactions that constitute or will constitute, in whole or in part, such violation.

(2) BREACH OF FIDUCIARY DUTY.—It shall be unlawful for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of an eligible entity to engage in any act or practice, or to omit any act, in breach the fiduciary duty of such individual as such officer, director, employee, agent, or participant, if, as a result thereof, the entity has suffered or is in imminent danger of suffering financial loss or other damage.

(3) DISQUALIFICATION OF OFFICERS AND EMPLOYEES.—Except on the written consent of the Board, it shall be unlawful—

(A) for any individual to take office as an officer, director, or employee of an eligible entity, or to become an agent or participate in the conduct of the affairs or management of an eligible entity, if—

(i) such individual has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

(ii) such individual has been found civilly liable in damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust; or

(B) for any individual to continue to serve in any of the above-described capacities, if—

(i) such individual is convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

(ii) such individual is found civilly liable in damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust.

(e) PENALTIES AND FORFEITURES.—

(1) IN GENERAL.—Except as provided in paragraph (2), an eligible entity that violates any regulation or written directive issued by the Board requiring the filing of any regular or special report under this Act, shall forfeit and pay to the United States a civil penalty of not more than $100 for each and every day of the continuance of the corporation's failure to file such report, unless the entity demonstrates that such failure is due to reasonable cause and not due to willful neglect. The civil penalties provided for in this subsection shall accrue to the United States and may be recovered in a civil action brought by the Board.

(2) EXEMPTION.—The Board may through rules and regulations, or on application of an interested party, at any time previous to a failure under paragraph (1), by order, after notice and opportunity for hearing, exempt in whole or in part, any entity from the provisions of paragraph (1), on such terms and conditions and for such period of time as the Board determines necessary and appropriate, if the Board finds that such action is not inconsistent with the public interest or the protection of the Board. The Board may for purposes of this subsection make any alternative requirements appropriate to the situation.

(f) JURISDICTION AND SERVICE OF PROCESS.—Any suit or action brought under this section by the Board to enforce any liability or duty created by, or to enjoin any violation of, this Act, or any rule, regulation, or order promulgated thereunder, shall be brought in the district wherein the eligible entity maintains its principal office, and process in such cases may be served in any district in which the defendant maintains its principal office or transacts business, or wherever the defendant may be found.

(g) SUBSTITUTION OF SECRETARY.—On the termination of the Board, the Secretary shall possess all the powers, privileges and rights regarding compliance and enforcement as described in this section.

● Mr. HARKIN. Mr. President, I am pleased to cosponsor the Rural Investment Fund Act of 1989. I believe this legislation will make an important contribution to helping our rural communities address interrelated problems of lack of jobs, slow business growth and lack of capital.

The root problem that we face in our rural communities is the lack of an adequate number of good jobs at good wages. Because such jobs are in short supply, countless families have watched as their children and grandchildren leave their communities in search of better economic opportunities elsewhere. This fundamental and pervasive process of migration is wrenching for the people involved and, as we so well know, destructive of the communities whose future is slipping away.

In order to have jobs and opportunities in rural communities, it is clear that we need more economic development and business activity to provide those jobs. The story of rural America in this decade has been one of lagging far behind the levels of economic growth and recovery experienced by the rest of the Nation. Indeed, most of our rural communities are still struggling to recover from the twin crises of the recession early in this decade and the depression in the farm sector that followed.

There are a number of problems contributing to the slow economic progress we have seen in rural communities. Plainly, one of the problems is lack of adequate capital to support business development.

This legislation will help to address this problem by providing some Federal seed money in the form of lines of credit to local, regional, and State entities in order to supply capital to revolving loan funds. These entities will include economic development districts, State agencies, counties, towns, townships or nonprofit private community development corporations. The revolving loan funds will be used to help retain, create, and expand local rural businesses.

The legislation will create a rural business investment fund to provide money through the lines of credit. This fund will receive $100 million per year for 3 years from the Federal Government. The legislation provides for leveraging the money from the investment fund to enhance the benefits from the Federal money. The Federal money must be matched at least dollar for dollar by at least one bank, savings and loan or community development corporation.

This is a good and basically sound piece of legislation designed to meet a serious need. However, I will continue to work on some aspects of the bill that I believe require further attention.

First, I believe that we must examine the criteria for eligible businesses that may receive funds from the revolving loan funds. If those criteria are too restrictive we may miss opportunities to spur development of businesses that offer possibilities for creating significant numbers of jobs and a relatively large volume of business in rural communities.

Second, I want to examine carefully the limitations on the size of the loans that the revolving loan funds may make. Again, I would not want to see the level set so low that a whole class of businesses, namely small manufacturers, are left out of this initiative.

Third, I would like to see a more competitive approach for distributing funds to eligible entities under the program. And I would be inclined to allow an entity to receive a higher level of funding than the bill now provides.

Finally, I want to work to assure that the paperwork burdens and the approval processes are efficient.

Mr. President, this legislation is a welcome step in the right direction to help bring much needed capital to our rural communities. I am pleased to give it my support.●

By Mr. DANFORTH (for himself, Mr. HOLLINGS, Mr. INOUYE, Mr. BRYAN, and Mr. MCCONNELL):

S. 1009. A bill to amend section 315 of the Communications Act of 1934 with respect to the purchase of broadcasting time by candidates for public office; to the Committee on Commerce, Science, and Transportation.

CAMPAIGN ADVERTISING ACT

● Mr. DANFORTH. Mr. President, today Senators HOLLINGS, INOUYE, BRYAN, MCCONNELL, and I are introducing legislation to amend the lowest unit charge provision of the Communications Act. This legislation incorporates S. 2627, introduced by Senator MCCONNELL in the 100th Congress, and recently reintroduced in this Congress as S. 744. Senator MCCONNELL is the leader in the U.S. Senate on the lowest unit rate issue. I am pleased that he has joined the chairman of the Commerce Committee, the chairman of the Communications Subcommittee and me in the sponsorship of this bill, and I am grateful to him for lending his help and expertise to this initiative.

The lowest unit charge requirement, which was enacted in 1972, reflects the importance of political speech and the need to protect candidates from discrimination. Under this law, broadcasters are supposed to treat candidates as if they have as much market power as the biggest advertisers for a limited period of time—45 days before a primary, and 60 days prior to a general election.

Mr. President, the simple intent of this law is being thwarted by an ambiguity in the statute and by recent changes in the way broadcasters sell advertising time. This bill restores the lowest unit charge provision to its original intent by making two simple changes. First, it deletes the word "class" from the lowest unit charge provision. As a result, candidates will be entitled to the lowest advertising rate, not just the lowest rate for a particular "class" of time, such as "fixed" or "preemptible" time. Second, the bill adds a sentence to clarify that broadcasters are prohibited from "bumping" campaign ads.

ROLE OF TELEVISION IN POLITICS

Mr. President, broadcasters are in a unique position to affect the American electoral process. This is particularly true for television broadcasters. Television is both pervasive and influen-

tial. Ninety-eight percent of American households have televisions. Three-fifths have two or more TVs. On average, adults spend over 4 hours a day watching television.

More than any other commercial enterprise, TV affects our national values. According to a recent Roper survey, TV is the only source of news for 50 percent of Americans.

Television has a tremendous effect on our political life. Van Gordon Sauter, the former head of CBS News, is right in his observation that "[t]elevision is now the primary basis for making value judgments about candidates, their character and resourcefulness." Forty-nine percent of the public cite television as the most important information source for congressional elections.

Air time is the crucial element in a competitive rate between candidates. And the cost of air time has skyrocketed. TV advertising costs have more than tripled in the last 8 years. Television ads are now the single largest expense in most congressional campaigns. In today's Senate races, 40 to 60 percent of a campaign's funds go to television alone.

In 1956, the year in which the FCC began to collect data on broadcast spending, candidates spent less than six percent of their campaign budgets on radio and television combined. The total spent on electronic media for all elections—Federal, State, and local—that year was $10 million. Thirty years later, that national total was surpassed in a single Senate race in California. The two candidates in that race spent over $13 million on media alone.

A newly elected, or reelected, Senator knows that the average Senate campaign now costs $4 million. He knows that means he'll have to raise about $13,000 each week of his 6-year term. And he'll have to raise that sum in relatively small increments—a maximum of $1,000 per individual and $5,000 per political action committee.

The cost of air time is so high, it distorts the campaign process. It limits the candidate's speech. It makes it much tougher for a candidate to challenge an incumbent. And it has other, more insidious effects. It forces candidates to spend far too little of their time and energy on the issues, and far too much on raising money from groups whose membership and appeal are narrow. Night after night, instead of going home to our families, we go to fundraisers with our hands out. The need for constant fundraising raises the specter of undue influence by well-financed special interest groups, and lessens the public's confidence in its government.

THE NEED FOR CAMPAIGN REFORM

Mr. President, the public is ready for campaign reform. Many recent newspaper and broadcast editorials have called for reform. And they've used powerful terms—"fat cats," "give-to-get," "big money," "financial steroids," and "sewer money."

Many broadcasters have editorialized in favor of campaign reform. They've talked about the role of special interest groups, whose membership and appeal are narrow. They've called for fairness in our systems of elections.

The issue of campaign reform has been brought to the forefront in Congress. Over the dozen measures addressing campaign reform have been introduced in Congress already this year.

CAMPAIGN REFORM PROPOSALS

The Democrats and Republicans have offered different campaign reform bills. But they share common goals. Both parties want legislation to curb the influence of special interests and reduce the costs of campaigns. And one proposal gives neither party an advantage. I consider it to be the crucial element of campaign reform: clarifying lowest unit charge requirements of the Communications Act.

LOWEST UNIT CHARGE

Perhaps many of our colleagues, Mr. President, understand the current lowest unit charge requirement to mean that a candidate is to be charged no more than the station's most favored commercial advertiser for a particular spot on a particular show. This is what I thought it meant. But the Commerce Committee hearing held last September on the lowest unit charge requirement revealed that there are serious problems with the application of the lowest unit charge law today. The witnesses made the following compelling case for reform.

First, the law is unclear. Ask four lawyers how the lowest unit charge provision applies in a complicated example. You'll get four different answers. Interpreting lowest unit charge is now so difficult that, during election periods, the FCC has to answer 50 to 75 daily inquires about it.

Second, the law requires only that the candidates be afforded the lowest unit charge for each class of time. When the law was enacted, broadcast advertising was sold with rate cards. It was fairly simple to determine the lowest rate for the class of time—fixed or preemptible. But for many stations the way advertising is sold has changed. It is now, in effect, an auction. One media buyer has likened it to a Middle Eastern rug market.

Third, it is very difficult for a candidate to know if he is getting the lowest unit charge. He is not entitled to look at the station's commercial records to compare his rate to that of Coca Cola, for example. Without access to station records, there is no way to determine whether the requirement is being met. It is the only requirement I know of that is absolutely impossible to police.

Fourth, candidates usually wind up paying a much higher rate than commercial advertisers. In today's sophisticated campaigns, candidates must target specific voting age audiences. But a candidate's ad can be bumped, for example, from a news program to a Saturday morning cartoon show, unless he pays a premium fixed rate for his ad time. Witnesses told us that commercial advertisers rarely have to buy fixed time as protection against preemption, even though they sometimes need to avoid being bumped, too. And rates for fixed time can be four or more times the rates of preemptible time. Instead of getting the best deal, politicians are getting the worst. As the Democratic media buyer Bob Squier testified before the Commerce Committee last September, "[t]he memorial service for lowest unit rate was held years ago * * *."

Finally, there is the potential for abuse. Hearing witnesses testified that it would be possible for a broadcaster to favor one candidate over another. Candidate A might be told that to be sure his ad will run, he must buy expensive fixed time. But the broadcaster could assure his opponent, Candidate B, that he can buy cheap preemptible time and not be bumped. So, Candidate A buys fixed time. Candidate B buys preemptible time. Candidate B is never preempted. Hearing witnesses discussed a case in which one Senate candidate paid, on average, five times as much per advertising spot as his opponent—for spots on the same shows. The candidate buying the cheaper preemptible time was never preempted.

There is no way of determining whether one candidate should have been bumped. Stations are not required to record whether someone else sought to buy time. There is at least the potential for foul play. It could be done with a wink or an unspoken understanding. If it happen, it would be an illegal corporate contribution. And one candidate's dollar would have purchased four or more times as much speech as his opponent's.

In campaign reform generally, we're talking about the need for fairness in our election system. With the lowest unit charge, we are talking about the same concern. We must eliminate the possibility that through malice, or more likely through mistake, it is possible for a broadcaster to put his thumb on the scale. It is the potential for abuse that must be avoided.

THE SOLUTION

What then is the solution?

A number of observers favor free air time for candidates. Legislation has been introduced to provide free broadcast time to congressional candidates. Over sixty percent of the political challengers surveyed by the bipartisan Center for Response Politics support-

ed free time for candidates. And the Center itself recommends that Congress enact a free broadcasting plan.

Those who make the case for free broadcasting time point out that broadcasters use the spectrum, a valuable public resource, for free. They argue that free time is a small request to make in return. Those who cut timber in national forests, graze cattle on federal lands, or mine minerals on federal property have to pay fees. The argument is that broadcasters owe something for their use of a scarce public commodity.

Bob Squier said it well in last year's hearing, "[a]s the system works now, we must rent our airwaves back from the broadcasters at election time in order to conduct this most important transaction of the democracy."

I don't propose free air time for candidates, however. The problems with the lowest unit charge provision are significant. But they are easily solved. We don't need to require free time. We just need to clarify the law. The bill we are introducing today does that. It requires broadcasters and cable operators to sell fixed time to candidates at the lowest preemptible rate.

This is simple and straightforward. Require the lowest rate, and don't bump. S. 2627, the bill introduced by Senator McConnell in the 100th Congress and on which we held hearings last year took this approach. The witnesses testified that it would work.

What would this proposal do? It would lower the cost of advertising to political campaigns significantly. By lowering costs, it would help candidates challenge incumbents.

It would give candidates the insurance that they need against preemption.

It would treat all candidates fairly.

It would help broadcasters to avoid mistakes in applying the law.

In short, it would restore lowest unit charge to its original purpose.

Political advertising accounts for a small portion of broadcasters' revenues. According to testimony at our hearing last year, it accounts for somewhere between three-quarters of one percent and four percent of broadcasters' revenues, depending on the market. And the lowest unit charge only applies 45 days before primaries and 60 days before general elections.

Candidates deserve a fair shake. While individual candidates will come and go, political speech should be treated at least as favorably as ads for Big Macs. After all, political advertising is purchased in bulk every 2 years. It should be afforded a bulk rate, and the insurance against preemption that goes with "most favored commercial advertiser" status.

Candidates don't need a free deal. They only need a fair deal.

Broadcasters have called for campaign reform. A key part of that reform, the advertising rate for political ads, involves the broadcasting industry directly. I urge my colleagues to take this step toward campaign reform.●

● Mr. HOLLINGS. Mr. President, I rise today in support of the Campaign Advertising Act of 1989. This legislation is very important to the American electoral process and the ability of our citizens to make an informed decision. This bill, introduced by Senator Danforth and myself, concerns a fundamental aspect of the electoral access, candidates access to the public airwaves and the prices charged for political advertisements. We have long been concerned that political candidates have reasonable access to broadcast stations and that there be no discrimination in the rates charges for campaign advertisements. Section 315(b) of the Communications Act was adopted specifically to address that concern.

Section 315(b), adopted in 1972, requires broadcasters to charge candidates the lowest unit rate available for the time during which the advertisements are aired. My committee held a hearing last year where we heard that the lowest unit rate provision is not being applied properly—candidates are being charged more than the lowest unit rate. Specifically, it was alleged that broadcasters have been: First, charging different rates to different candidates time and, second, charging them all higher rates for non-preemptible time. This has resulted in wide disparities in the rates paid by political candidates for political advertisements and in higher rates paid by all. This disturbs me greatly. We already spend too much time raising money just to get on television. Now, we are told one of the reasons why.

This bill requires broadcasters to provide advertising time to political candidates at the lowest unit rate available for advertisements sold for any class of time. In addition, the legislation does not permit the preemption of political advertisements. The effect will be to ensure that all candidates are charged the same type of lowest unit rate and that when candidates purchase time, they are assured that their advertisements will be run on the date and during the time period for which they contracted. Thus, all candidates will be treated fairly and equally. More importantly, this legislation will ensure that all the candidates have equal opportunities to present their positions to the public. Thus, it will further our goal of having a more informed electorate.

As a cosponsor of this legislation I want to encourage all of my colleagues to support the Campaign Advertising Act.●

By Mr. WILSON (for himself, Mr. D'Amato, and Mr. Helms):

S. 1010. A bill to encourage further cooperation between Federal, State, and local law enforcement agencies in their efforts against drug trafficking and other serious criminal activities; to the Committee on the Judiciary.

LAW ENFORCEMENT COOPERATIVE ACT

Mr. WILSON. Mr. President, I rise to introduce legislation on behalf of myself and Senator D'Amato. It will be cited as the Law Enforcement Cooperative Act of 1989.

Mr. President, drug abuse and drug trafficking are national problems. Nevertheless, they cannot be attacked simply at the national level because the problem that they attack exists at the local level. If we are to have a chance at success in our antidrug efforts, all levels of government must be involved in a coordinated effort.

The efforts of every Federal law enforcement agency—the Drug Enforcement Administration, the Federal Bureau of Investigation, the Coast Guard, the Border Patrol, and the Customs Service—even in concert are not enough. They never can be. It is essential, instead, that there be the kind of cooperation between Federal, State, and local law enforcement agencies that is the absolute sine qua non to success in an antidrug effort.

Mr. President, local law enforcement is doing an outstanding job against very difficult odds. Some would say overwhelming odds. But, to make the most of those local efforts, and to make the most of Federal law enforcement efforts in cooperation, we need, in fact, real cooperation.

Fortunately, cooperative operations are taking place throughout the Nation—and they have been incredibly successful in my State of California and, indeed, all across the land.

Without doubt, the primary motivation for this cooperation between agencies is dedication to fight a common enemy—the drug trafficker and those who are his victims. Yet, there is another incentive that understandably and quite reasonably helps cement this cooperative spirit—it is the sharing of assets seized under the Federal asset forfeiture law.

With regular expansions and refinements of the Federal asset forfeiture law, there have been phenomenal increases in money flowing back into law enforcement. Indeed, in California, alone, more than $60 million has been forfeited and distributed to State and local law enforcement agencies.

Unfortunately, this very success has upset one Member in the other body, who has taken it upon himself to shut down a program that has served to further interagency cooperation in this vital battle against drugs.

Specifically, he successfully inserted in the 1988 drug bill a provision that will prohibit asset sharing with State and local agencies in so-called adoptive

cases—those cases in which the bulk of the investigative effort was undertaken by State or local agencies but the forfeiture was processed under Federal law. Furthermore, this objectionable provision could, as it presently reads, prevent asset sharing even when the assets were seized as a result of a joint Federal-State-local task force operation.

I want to emphasize to my colleagues that adoptive cases do not drain Federal resources. Rather, for every dollar forfeited by the Federal Government in an adoptive case, the Federal Government keeps 10 cents. A 10-percent processing charge invariable covers Federal expenses and indeed with help contribute to the construction of Federal prisons.

Mr. President, many times, indeed, too many times, the Federal Government decides it has come up with a better mouse trap and tries to foist it on local government—no matter what the cost may be to local government, as we rarely pick up the cost.

With asset forfeiture, local government knows that we have a better mouse trap—a comprehensive asset forfeiture law—and accordingly local governments have sought to make maximum use of the Federal law. Yet, at the insistence of one Member of the House, the program has been hampered, thereby cutting off millions of dollars earned by local law enforcement agencies that are struggling to stop drug trafficking and abuse.

Mr. President, the problem created by the new limit on asset sharing, which is scheduled to start on October 1 of this year, will not be severe for my State of California, as the State legislature improved the State forfeiture statute last year. Yet, it will reduce the amount of money flowing to State and local police in all too many States. In other States, however, the impact truly will be severe, as many State laws have no provision or an extremely limited one for applying criminals' forfeited assets to law enforcement. I am told that the problem will be particularly acute in Alabama, New York, Virginia, and North Carolina.

Mr. President, I am today introducing the Law Enforcement Cooperation Act of 1989, along with my colleague from New York, Senator D'AMATO.

My bill would replace the present absolute prohibition against asset sharing in adoptive and other asset forfeiture cases with a rule allowing asset sharing if it will serve to further cooperation between the recipient State or local law enforcement agency and Federal law enforcement agencies.

As I have said, cooperation is a key to success in our efforts against illegal drugs, and if we can attain this by allowing State and local agencies to use the Federal asset forfeiture laws, then there is no justification for preventing their use; we should encourage it.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1010

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That this Act may be cited as the "Law Enforcement Cooperation Act of 1989".

SEC. 2. Section 511(e)(3)(B) of the Controlled Substances Act (21 U.S.C. 881(e)(3)(B)), as added by the Assets Forfeiture Amendments Act of 1988, is amended to read as follows:

"(B) will serve to encourage further cooperation between the recipient State or local agency and federal law enforcement agencies.".

By Mr. EXON:

S. 1011. A bill to amend title XVIII of the Social Security Act and other provisions of law to delay for 1 year the effective dates of the supplemental Medicare premium and additional benefits under part B of the Medicare Program, with the exception of the spousal impoverishment benefit; to the Committee on Finance.

MEDICARE CATASTROPHIC COVERAGE DELAY ACT

Mr. EXON. Mr. President, I rise today to introduce legislation that will delay, for 1 year, implementation of portions of the Medicare Catastrophic Coverage Act passed by Congress last year and signed into law by President Reagan.

The Medicare Catastrophic Coverage Act represents the first major expansion of the Medicare Program since its inception more than 20 years ago. I think the bill makes many necessary changes and it now offers some needed protection to our senior citizens against the unforeseen and unpredictable event of an acute extended illness. I had concerns originally and still have concerns because the bill contains no provisions for coverage of long-term nursing home or custodial care.

There is no question that long-term care is, indeed, the true catastrophic cost facing seniors today.

My bill retains the current part A benefits that are already in place, including the expanded hospitalization—extended from 60 free days to 365 free days; the expanded skilled nursing care provisions—expanded from 100 days to 150 days; and the expanded hospice provisions—which eliminates the old 210-day cap and now provides unlimited coverage pending physician recertification of the patient's condition. Also retained is the Medicaid spousal impoverishment provisions. This very important provision allows the noninstitutionalized spouse to retain at least $12,000 in assets as well as a monthly living allowance of approximately $800. The at-home spouse may also retain the family residence, car, and personal belongings.

To pay for these benefits, my bill also retains the flat fee increase attached to the part B monthly premium. This flat fee is currently $4 a month. This is scheduled to increase to $7.18 in 1993.

What my bill delays is the implementation of all benefits not yet in effect. This would include all the new part B benefits as well as the prescription drug provisions. The bill also delays, for 1 year, implementation of the supplemental premium which has caused so much concern for our senior citizens.

Most importantly, my bill also includes a sense of the Senate statement that we must investigate, in depth, the suggestion made by the esteemed chairman of the Senate Finance Committee, Senator BENTSEN, concerning the recent revenue projections for the catastrophic care trust funds. If these projections are correct, it may be possible to reduce the supplemental premium by as much as 16 percent.

If so, we can retain a worthwhile program at significantly reduced costs and help pave the way for long-term health care legislation that, as I stated earlier, is the real catastrophic need facing our senior citizens.

I supported the Medicare catastrophic bill during its consideration as I feel that it offers valuable new and expanded services. That bill passed by an overwhelming vote of Congress and was signed into law by President Reagan.

At that time it was supported by a large number of organizations which promote the needs of our Nation's senior citizens. Unfortunately, there is much confusion over what that bill offers, who will benefit and who will pay. The bill is extremely technical and therefore confusing.

I have seen many articles, newsletters, and commentaries on this piece of legislation.

Many of these articles are not entirely consistent with the content of the new law. For that reason I am introducing this legislation. We need a longer time period to educate individuals as to what this bill does, and who will be affected by it. We also need to look at the funding mechanism and see if something else can be done. I supported the recent Senate amendment calling for hearings on this bill. I had hoped that we could resolve the issues without the need to delay implementation of the bill.

However, now I am convinced that with everything else that Congress has to consider this year, we may not have time, in the next couple of months, to do justice to this important piece of legislation.

President Reagan made it quite clear that he would only support the bill if

it would be paid for by those who would benefit from the improved coverage—the elderly and disabled. For the most part, I support this proposal.

The financing is progressive as well as being an asset protection plan; those with higher incomes and, therefore, more to protect from a financially devastating illness will pay more than those with more limited incomes. However, this type of financing mechanism can penalize, as so many Nebraskans have pointed out to me, some of those who were able to save toward their retirement. This is something we need to evaluate.

Mr. President, I know this problem has no easy solutions.

If it did, we would all be slapping ourselves on the back already, congratulating ourselves for our cleverness. But that is not the case. I only hope that when we do reevaluate this situation, the light of a different day will also bring new ideas and new ways of looking at the situation.

I am committed to finding a way to make true catastrophic health care coverage available to our Nation's senior citizens. This is important to them as well as to their children and grandchildren. I hope this 1-year delay will enable us to explore new solutions to this problem and find a better consensus.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1011

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

SECTION 1. SHORT TITLE.

That the Act be cited as the "Medicare Catastrophic Coverage Delay Act of 1990".

SEC. 2. PURPOSES.

It is the purpose of this Act—

(1) to retain all Medicare Part A provisions currently in effect as provided for in the Medicare Catastrophic Coverage Act of 1988;

(2) to retain the Medicaid spousal impoverishment provisions as provided for in the Medicare Catastrophic Coverage Act of 1988;

(3) to retain the flat increase in Medicare premiums, as provided for in the Medicare Catastrophic Coverage Act of 1988, in order to finance the above-retained benefits;

(4) to delay, for one year, implementation of all other benefits provided in the Medicare Catastrophic Coverage Act of 1988;

(5) to delay, for one year, implementation of the supplemental premium as provided for in the Medicare Catastrophic Coverage Act of 1988; and

(6) to express the sense of the Congress that if revenue estimates conclude there is, in fact, a surplus of funds in the Catastrophic Coverage trust funds in excess of amounts required to reach and maintain adequate reserves, that the appropriate steps will be taken to reduce the supplemental premium.

SEC. 3. DELAY IN PART B BENEFITS AND RELATED PROVISIONS.

(1) Section 1833(c) of the Social Security Act (42 U.S.C. 13951(c)), as inserted by section 201(a) of the Medicare Catastrophic Coverage Act of 1988, is amended—

(A) in paragraph (1), by striking "1990" and inserting "1991";

(B) in paragraph (3), by striking "1990" each place it appears and inserting "1991"; and

(C) in paragraph (3)(A)—

(i) by striking the first sentence,

(ii) in the second sentence, by striking "succeeding year" the first place it appears and inserting "year (beginning with 1991)", and

(iii) in the second sentence, by striking "succeeding" the second place it appears.

(2) Paragraph (4)(B) of section 1861(t) of the Social Security Act, as added by section 202(a)(2)(C) of the Medicare Catastrophic Coverage Act, is amended by striking "1990" and inserting "1991".

(3) Section 1834(c) of the Social Security Act, as added by section 202(b)(4) of the Medicare Catastrophic Coverage Act, is amended—

(A) in paragraph (1)(C)(i), by striking subclause (I) and (II) and inserting the following:

"(I) 1991 is $600,

"(II) 1992 is $652, and";

(B) in paragraph (1)(C)(i) by striking subclause (III) and redesignating subclause (IV) as subclause (III);

(C) in paragraph (1)(C)(iii), by striking "1992" and inserting "1993";

(D) in paragraph (2)(C)(ii), by striking "1990", "1991", "1992", and "1993" and inserting "1991", "1992", "1993", and "1994", respectively;

(E) in paragraph (3)(A), by striking "1992" and inserting "1993";

(F) in paragraph (3)(C)(i), by striking "1990" and inserting "1991";

(G) in paragraph (4)(A)(i), by striking "1990 or 1991" and inserting "1991 or 1992";

(H) in paragraph (7)(B), by striking "1991" and inserting "1992";

(I) in paragraph (8)(A), by striking "6 years" and inserting "7 years"; and

(J) in subparagraphs (B), (C), (D), and (F) of paragraph (8), by striking "1989", "1990", "1991", "1992", "1993" and "1994" and inserting "1990", "1991", "1992", "1993", "1994", and "1995", respectively.

(4) Paragraphs (1) and (4) of section 1842(o) of the Social Security Act, as added by section 202(c)(1)(C) of the Medicare Catastrophic Coverage Act, are each amended by striking "1991" and inserting "1992".

(5) Section 202(e)(4)(B) of the Medicare Catastrophic Coverage Act is amended by striking "1993" and inserting "1994".

(6) Section 202(i)(2) of the Medicare Catastrophic Coverage Act is amended by striking "1989, 1990, 1991, 1992, and 1993" and inserting "1990, 1991, 1992, 1993, and 1994", respectively.

(7) Section 202(1)(2) of the Medicare Catastrophic Coverage Act is amended by striking "1989" and "1990" and inserting "1990" and "1991", respectively.

(8) Section 202(m) of the Medicare Catastrophic Coverage Act is amended by striking "1989", "1990", and "1991", and "1992", respectively.

(9) Section 1834(d)(2) of the Social Security Act, as added by section 203(c)(1)(F) of the Medicare Catastrophic Coverage Act, is amended by striking "1990" and inserting "1991".

(10) Section 203(c)(2) of the Medicare Catastrophic Coverage Act is amended by striking "1991" and inserting "1992".

(11) Section 1835(a)(2)(G) of the Social Security Act, as inserted by section 203(d)(1)(C) of the Medicare Catastrophic Coverage Act, is amended by striking "1993" and inserting "1994".

(12) Section 1154(a)(16) of the Social Security Act, as amended by section 203(d)(2) of the Medicare Catastrophic Coverage Act, is amended by striking "1993" and inserting "1994".

(13) Section 203(g) of the Medicare Catastrophic Coverage Act is amended by striking "1990" and inserting "1991".

(14) Section 1834(e) of the Social Security Act, as added by section 204(b)(2) of the Medicare Catastrophic Coverage Act, is amended—

(A) in paragraph (2)(B)(ii), by striking "1992" and inserting "1993",

(B) in paragraph (4)(A)(i), by striking "1990" and inserting "1991",

(C) in paragraph (4)(B), by striking "1991" and inserting "1992", and

(D) in paragraph (5), by striking "1990" and "1991" each place each appears and inserting "1991" and "1992", respectively.

(15) Section 204(3) of the Medicare Catastrophic Coverage Act is amended by striking "1990" and inserting "1991".

(16) Section 205(f) of the Medicare Catastrophic Coverage Act is amended by striking "1990" and inserting "1991".

(17) Section 206(b) of the Medicare Catastrophic Coverage Act is amended by striking "1990" and inserting "1991".

SEC. 4. DELAY IN CERTAIN REVENUE-RELATED PROVISIONS.

(1) Section 59B of the Internal Revenue Code of 1986, as added by section 111(a) of the Medicare Catastrophic Coverage Act, is amended—

(A) in the table in subsection (c)(2)(A), by striking the line relating to 1989;

(B) in the table in subsection (d), by striking the line relating to 1989; and

(C) in subsection (e)(4)—

(i) by striking "before 1998" each place it appears and inserting "before 1999", and

(ii) in the percentage table in subparagraph (A), by striking "1994", "1995", "1996", and "1997" and inserting "1995", "1996", "1997" and "1998", respectively.

(2) Section 111(e) of the Medicare Catastrophic Coverage Act is amended—

(A) in paragraph (1), by striking "1988" and inserting "1990", and

(B) in paragraph (2), by striking "1989" and "1989" and inserting "1990" and "1990", respectively.

(3) Section 112(b) of the Medicare Catastrophic Coverage Act by striking "1990" and "1989" and inserting "1991" and "1990", respectively.

(4) Section 1839(g) of the Social Security Act, as added by section 211(a) of the Medicare Catastrophic Coverage Act, is amended—

(5) Section 1841A of the Social Security Act, as inserted by section 212(a) of the Medicare Catastrophic Coverage Act, is amended—

(A) in subsection (c), by striking "1990" and inserting "1991", and

(B) in subsection (d), by striking "1992" each place it appears and inserting "1993".

(6) Section 1840(i) of the Social Security Act, as added by section 212(b)(1) of the Medicare Catastrophic Coverage Act, is amended by inserting "(1)" after "(i)" and

by adding at the end of the following new paragraph:

"(2)(A) Notwithstanding the previous provisions of this subsection but subject to subparagraph (B), premiums collected under this part which are attributable to subsection (g) of any month in 1989 shall, instead of being transferred to (or deposited to the credit) of the Feoeral Supplementary Insurance Trust Fund, be transferred to (or deposited to the credit of) the Federal Hospital Insurance Catastrophic Coverage Reserve Fund (created under section 1817A).

"(B) The total amount of the transfers or deposits made under subparagraph (A) shall not exceed the Secretary's estimate of the total amount of additional expenditures made under part A which are attributable to benefits during 1989 and which would not have been made but for the amendments made by the Medicare Catastrophic Coverage Act of 1988.".

(7) Section 1841B(c) of the Social Security Act, as inserted by section 213 of the Medicare Catastrophic Coverage Act, is amended by striking "1990" each place it appears and inserting "1991".

SEC. 5. MEDICAID PROVISIONS.

(1) Section 1905(p)(2) of the Social Security Act, as amended by section 301(b) of the Medicare Catastrophic Coverage Act, is amended by striking "1990", "1991", "1992", and "1993" each place each appears and inserting "1991", "1992", "1993", and "1994", respectively.

(2) Clauses (ii) and (iii) of section 1902(l)(2)(A) of the Social Security Act, as added by section 302(a)(2)(B)(iii) of the Medicare Catastrophic Coverage Act, by striking "1990" each place it appears and inserting "1991".

SEC. 6. MAINTENANCE OF EFFORT.

Section 412 of the Medicare Catastrophic Coverage Act is amended by striking "1990" each place it appears and inserting "1991".

Mr. REID. Mr. President, I would like to congratulate the senior Senator from Nebraska on the catastrophic measure. I also have a measure in to affect the catastrophic and I will look closely at his. It is certainly something when we return home we hear a lot about and it is something that we have to look to, to change.

By Mr. EXON (for himself and Mr. BOREN):

S. 1012. A bill to amend the Disaster Assistance Act of 1988 to extend disaster assistance to losses due to adverse weather conditions in 1988 or 1989 for crops planted in 1988 for harvest in 1989, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

DISASTER ASSISTANCE ACT

Mr. EXON. Mr. President, today I am introducing legislation to provide assistance for farmers and livestock growers affected by the current drought. I am pleased to be joined by my long-time friend and colleague Senator DAVID BOREN. This bill includes a number of provisions which I will enumerate in a moment, but the main point I want to make today is this: the situation is bad—worse than most of us realize—and we have to take action now.

In addition to the drought, much of Nebraska's wheat crop was further damaged by a late freeze at the critical time when the wheat itself was just beginning to form inside the plant. Last year's drought, which is now catching up with winter wheat producers, and the freeze have combined to create the worst situation in decades for portions of Nebraska.

Several weeks ago Senator KERREY and I toured Nebraska and what we saw was worse than we expected.

Many of our colleagues, as well as the Secretary of Agriculture, have also made visits to drought ravaged areas. But all the visits in the world will not change a thing. It will take more than our condolences and a symbolic pat on the head.

I know there are those who will claim we cannot afford another drought bill. To them I say that wheat farmers in Nebraska, Kansas, Oklahoma, and Texas cannot go on without one.

As far as financing this assistance goes, higher wheat prices prompted by the drought will result in the needed budgetary savings to cover the cost of assistance.

Mr. President, this legislation extends last year's drought bill to winter wheat by providing 80 percent of target price support for losses between 35 and 75 percent of usual production. For losses over 75 percent, it would provide 100 percent of target price protection.

This legislation would also make it easier for livestock growers to hay and graze program acreage and would allow farmers to plant other crops where possible. Finally, this legislation would mandate low interest loans to make up the difference between disaster payments and the income farmers could have expected without the drought.

Mr. President, the drought problems in Nebraska are very real.

Lack of adequate pasture has already forced farmers to begin selling down their herds. Much of the wheat crop is already lost. Even a good, solid rain at this late juncture will not bring it back. Last year, I warned that the 1988 drought may not be only a 1-year problem. Unfortunately, that prophecy has come true despite our fervent prayers for rain. The time for action is now.

The Nebraska wheat board has been very helpful in putting together this legislation and I want to acknowledge their assistance. We need to move forward and I stand ready to work with my colleagues on the Senate Agriculture Committee to pass a much-needed drought disaster bill now.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1012

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Disaster Assistance Act of 1989".

SEC. 2. PAYMENTS TO PROGRAM PARTICIPANTS FOR TARGET PRICE COMMODITIES.

Section 201 of the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note) is amended—

(1) in subsection (a)(1)—

(A) by inserting after "excessive moisture," both places it appears the following: "freezing temperatures,";

(B) by inserting after "related condition in 1988," both places it appears the following: "or for winter crops, in 1988 or 1989,";

(C) in subparagraph (A), by inserting after "65 percent" the following: "(or, in the case of a winter crop, 80 percent)"; and

(D) in subparagraph (B), by inserting after "90 percent" the following: "(or, in the case of a winter crop, 100 percent)";

(2) in subsection (b)(4), by inserting after "July 31, 1989," the following: "or for winter crops, prior to July 31, 1990,"; and

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

"(c) WINTER CROPS.—(1) If an acreage limitation program under section 107D(f)(2), 105C(f)(2), 103A(f)(2), or 101A(f)(2) of the Agricultural Act of 1949 (7 U.S.C. 1445b-3(f)(2), 1444e(f)(2), 1441-1(f)(2), or 1441-1(f)(2)) is in effect for a crop of wheat, feed grains, upland cotton, or rice and the Secretary determines that the producers on a farm are eligible for a disaster payment for the winter crop of a commodity under subsection (a)(1), such producers may devote all or a portion (as determined by such producers) of the permitted acreage for wheat, feed grains, upland cotton, or rice for the farm for such crop to—

"(A) haying and grazing; or

"(B) the production of an alternative crop covered under this section, or section 202 or 203, or soybeans.

"(2) If the producers on a farm devote a portion of their permitted acreage to haying, grazing, or an alternative crop under subparagraph (A)—

"(A) the producers shall be eligible for payments under section 107D(c)(1), 105C(c)(1), 103A(c)(1), or 101A(c)(1) of the Agricultural Act of 1949 on such acreage; and

"(B) the crop acreage base and farm program payment yield of the farm under sections 504 and 506 of such Act (7 U.S.C. 1464 and 1466) shall not be reduced due to the fact that a portion of such permitted acreage was devoted to the production of haying, grazing, or such alternative crops.

"(3)(A) The Administrator of the Small Business Administration shall make disaster loans available to producers on a farm who are eligible for a disaster payment for the winter crop of a commodity under subsection (a)(1).

"(B) The amount of a loan made under subparagraph (A) shall be the amount requested by the producers on a farm, except that such amount may not exceed—

"(i) the expected income of such producers, obtained by multiplying—

"(I) the payment rate for the commodity under section 107D(c)(1), 105C(c)(1),

103A(c)(1), or 101A(c)(1) of the Agricultural Act of 1949; by

"(II) the sum of the acreage planted for harvest and the acreage prevented from being planted (because of drought, hail, excessive moisture, or related condition in 1988 or 1989, as determined by the Secretary) to such crop; by

"(III) 100 percent of the farm program payment yield established by the Secretary for such crop under section 506 of such Act (7 U.S.C. 1466); less

"(ii) the sum of—

"(I) the amount of any disaster payments received by such producers under subsection (a)(1) of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); and

"(II) the amount of any crop insurance proceeds obtained by such producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

"(C) The rate of interest on a loan made under subparagraph (A) shall be 8 percent per annum.

"(D) There are authorized to be appropriated for fiscal year 1989 such sums as are necessary to carry out this paragraph.

"(4)(A) For purposes of this section:

"(i) The term 'winter crop' means a crop of a commodity listed in subsection (a) planted during calendar year 1988 for harvest in 1989.

"(ii) The term '1988 crop' shall include winter crops.

"(B) For purposes of determining payments under this section, a winter crop shall be considered separately from crops planted for harvest in 1988.".

SEC. 3. PAYMENTS TO PROGRAM NONPARTICIPANTS FOR TARGET PRICE COMMODITIES.

Section 202 of the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note) is amended—

(1) in subsection (a)—

(A) by inserting after "excessive moisture," both places it appears the following: "freezing temperatures,";

(B) by inserting after "related condition in 1988," the following: "or for winter crops, in 1988 or 1989,";

(C) in paragraph (1), by inserting after "65 percent" the following: "(or, in the case of a winter crop, 80 percent)"; and

(D) in paragraph (2), by inserting after "90 percent" the following: "(or, in the case of a winter crop, 100 percent)";

(2) in subsection (b), by inserting after "related condition in 1988," the following: "or for winter crops, in 1988 or 1989,"; and

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

"(d) WINTER CROPS.—(1) For purposes of this section:

"(A) The term 'winter crop' means a crop of a commodity listed in subsection (a) planted during calendar year 1988 for harvest in 1989.

"(B) The term '1988 crop' shall include winter crops.

"(2) For purposes of determining payments under this section, a winter crop shall be considered separately from crops planted for harvest in 1988.".

SEC. 4. CROP QUALITY REDUCTION DISASTER PAYMENTS.

Section 205 of the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note) is amended—

(1) in subsection (a), by inserting after "related conditions in 1988," the following: "or for crops specified in section 201(c)(4)(A)(i) or 202(d)(1)(A), in 1988 or 1989,"; and

(2) in subsection (d), by inserting after "disaster in 1988," the following: "or for crops specified in section 201(c)(4)(A)(i) or 202(d)(1)(A), in 1988 or 1989,".

SEC. 5. EFFECT OF FEDERAL CROP INSURANCE PAYMENTS.

Section 206 of the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note) is amended—

(1) by inserting after "Federal Crop Insurance Act," the following: "or for the crop of a commodity specified in section 201(c)(4)(A)(i) or 202(d)(1)(A),"; and

(2) in paragraph (3), by striking out "the 1988" each place it appears and inserting in lieu thereof "such".

SEC. 6. CROP INSURANCE COVERAGE FOR CERTAIN CROPS.

Section 207(b) of the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note) is amended—

(1) by striking out "or" at the end of paragraph (4);

(2) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; or"; and

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

"(6) planted in calendar year 1988 for harvest in 1989.".

SEC. 7. APPLICATIONS FOR ASSISTANCE.

Section 232(a)(2) of the Disaster Assistance Act of 1988 (7 U.S.C. 1421 note) is amended by inserting after "March 31, 1989" the following: "(or, in the case of a person eligible to receive payments for crops specified in section 201(c)(4)(A)(i) or 202(d)(1)(A), the date that is 180 days after the date of enactment of the Disaster Assistance Act of 1989)".

By Mr. PRESSLER:

S. 1013. A bill to amend the Agricultural Act of 1949 to remove the 5 percent acreage limitation requirement on producers of the 1990 crop of oats and to require that the acreage base of such crop of oats be determined separate from that of barley, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

REMOVAL OF ACREAGE LIMITATION ON OATS

Mr. PRESSLER. Mr. President, there is an unfortuante lack of high-quality oats in the marketplace. The demand for oats for human consumption has increased substantially in the past few years due to wide publicity on the nutritional benefits of this grain in lowering blood cholesterol and reducing colon cancer. We are all familiar with the current barrage of advertising on oat bran products.

Domestic oats demand has been increasing annually at the rate of 10 percent. Cereal manufacturers are scrambling to locate supplies of high-protein, milling-quality grain. Once the largest exporter of oats, the United States has become the largest importer. In 1987 the United States bought more than 46 million bushels of oats, most of it from Canada, Argentina, and Scandinavia. Imports in 1988 amounted to over 60 million bushels, or 21 percent of our total domestic use. In 1960, over one billion bushels of oats were harvested in the United States. Production in 1988 was only 206 million bushels. That was the smallest crop of oats harvested in the United States in 112 years.

The 1985 farm bill has been successful in some areas. However, in my home State of South Dakota, which has traditionally ranked as the No. 1 oats producing State in the Nation, oats have become a forgotten crop. Because of the way oats are treated in the 1985 farm bill, farmers have been planting barley instead, therefore adding to the surplus of this crop.

Mr. President, I believe one step in the right direction would be to raise the target price of oats. I support and am cosponsoring efforts to raise the target price of oats. Under present circumstances, I believe we should go even further to promote more oats production in the United States by removing the current 5 percent set-aside requirement for oats. We desperately need more domestically produced oats. Present regulations do not make good sense when we are importing 60 million bushels of oats in 1 year and at the same time forcing farmers who are participating in the oats program to idle land that could also be planted to oats.

By Mr. DURENBERGER:

S. 1014. A bill to provide for the temporary suspension of the duty on certain two-stroke cycle piston engines; to the Committee on Finance.

SUSPENSION OF DUTY ON CERTAIN TWO-STROKE CYCLE PISTON ENGINES

● Mr. DURENBERGER. Mr. President, I rise to introduce legislation that would alleviate an unintended problem that has arisen as a result of the adoption of the harmonized system of tariff clarifications.

Polaris Industries, a Minnesota-based company and the last remaining domestic manufacturer of snowmobiles, has for several years been importing engines for installation in their snowmobiles. Since there appear to be no domestic suppliers of comparable engines, Polaris has been allowed to import these engines duty-free. However, in the transition from the TSUS tariff clarification system to the harmonized system, these engines have been reclassified into a new category which carries a U.S. tariff of 3.1 percent. The legislation I am introducing would temporarily suspend the duty on these engines.

When Congress approved the harmonized system, it was not our intention to raise tariffs on products that are currently not dutiable. The purpose of the harmonized system was to enhance our international competitiveness. In this instance, the harmonized system works to the disadvantage of a domestic manufacturer and simply forces the company to raise the price of its products.

I ask unanimous consent that the full text of this legislation be included in the RECORD.

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

S. 1014

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new subheading:

"9902.84.07	Internal combustion 2-stroke cycle piston-type engines, of a cylinder capacity exceeding 50 cc but not exceeding 1,000 cc (provided for in subheading 8407.32.20 or 8407.33.20), to be installed in vehicles specifically designed for traveling on snow, golf carts, non-amphibious all-terrain vehicles, burden carriers, and personal watercraft (provided for in subheading 8703.10.00, 8703.21.00 or 8903.92.00).	Free ...	No change ...	No change ...	On or before 12/31/92".

SEC. 2. (a) Except as provided in subsection (b), the amendment made by the first section of this Act shall apply with respect to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

(b) Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon a request filed with the appropriate customs officer before the 90th day after the date of the enactment of this Act, any entry of goods described in subheading 9902.84.07 of the Harmonized Tariff Schedule of the United States (as amended by this Act) that was made—

(1) after December 31, 1988; and

(2) on or before the 15th day after the date of enactment of this Act;

shall be liquidated or reliquidated as though such entry occurred on the day after such 15th day.●

By Mr. DURENBERGER:

S. 1015. A bill to suspend temporarily the duty on certain plastic web sheeting; to the Committee on Finance.

SUSPENSION OF DUTY ON CERTAIN PLASTIC WEB SHEETING

● Mr. DURENBERGER. Mr. President, today I am introducing legislation to reclassify certain plastic web sheeting into a new duty-free category under the tariff schedules of the United States. My bill is identical to H.R. 1428, which was introduced in the other body by my distinguished colleague from Minnesota, Representative BILL FRENZEL.

Awa paper is a plastic web sheeting imported by a Minnesota-based company for use in the production of reverse osmosis filter elements. It is comprised of polyester fibers bonded with a resin, and its precise thickness and uniform density are critical to ensuring quality performance of reverse osmosis filters. These filters are used in the process of making potable water from brackish ground water, sea water or other water containing high concentrations of salts.

Awa paper is imported from Japan because there is no domestic source for a qualitatively similar product. I would also note that all other components of the filter elements produced by my constituent company are obtained from domestic sources and that Japan is an important export market for the finished filter element.

Awa paper is currently classified as a non-woven textile with a 12.9 percent ad valorem plus two cents per pound tariff. It is also subject to textile quotas under the Multifiber Arrangement [MFA]. Previously, awa paper was placed in the category of plastic sheets comprised of polyester, with only a 4.4-percent ad valorem tariff. The classification was changed when certain Customs officials successfully argued that the length of the man-made fibers in awa paper make it a textile. I believe that this classification is inappropriate, because awa paper does not possess characteristics representative of textiles—it exhibits no drape when laid flat upon a nonflat surface and it cannot be stitched or sewn. The nature of its component elements, as well as its applications, more properly identify awa paper with the classification relating to filter paper.

The recent change in tariff classification has seriously affected the international competitiveness and viability of my constituent company. Not only does it now face a tripling of duties, it also faces a threatened source of supply of awa paper. Without a reliable source of supply, the company cannot produce reverse osmosis filters—its primary product.

Mr. President, my legislation would establish a new tariff classification to cover only awa paper. Other web sheetings which are produced in the United States are left in the textile category. And to further narrow the application of this bill, I have limited the duty-free treatment to web sheeting used in the production of reverse osmosis filter elements for water purification systems.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1015

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3001 et seq.) is amended—

(1) by adding at the end of the U.S. notes thereto the following new note: "8. For purposes of subheading 9902.56.01, the term 'nonwoven fiber sheet' means sheet comprised of a highly uniform and random array of polyester fibers 1.5 to 3.0 denier that is thermally bonded and calendered into a smooth surface web having—

"(a) a thickness of 3.7 to 4.0 mils;

"(b) a basis weight of 2.5 oz. per sq. yd.;

"(c) a machine tensile strength of 30 lb. per sq. in. or greater;

"(d) a low cross-direction tensile (approximately ⅓ of MD tensile strength); and

"(e) a Frazier air permeability of 1.0 to 1.5 cfm per sq. ft."; and

(2) by inserting in numerical sequence the following new subheading:

"9902.56.01	Nonwoven fiber sheet (provided for in subheading 5603.00.90).	Free ...	No change ...	No change ...	On or before 12/31/92".

SEC. 2. The amendment made by the first section of this Act applies with respect to articles entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.●

By Mr. DOLE:

S. 1016. A bill to change the name of "Marion Lake," located northwest of Marion, KS, to "Marion Reservoir"; to the Committee on Environment and Public Works.

MARION RESERVOIR

Mr. DOLE. Mr. President, residents of Marion County, KS, have recently banded together to form the Marion County Economic Development Council to assist with the diversification and expansion of the economic base of the county. Their self-help effort is characteristic of the creativity that Kansans bring to the problems and opportunities that they face.

As the council motto says, Marion County is "In the Center of it All." Located near the geographic center of the State of Kansas, Marion County possesses a number of possibilities for growth and expansion.

Two important resources the council has identified are tourism and water recreation. Marion County is fortunate to have two beautiful lakes. However, they both have the same name—Marion Lake. The larger lake of the two was built by the U.S. Army Corps of Engineers and is located northwest of the city of Marion. It is known to local residents as Marion Reservoir, but is officially named Marion Lake.

The bill that Senator KASSEBAUM and I are introducing today, and that Congressman BOB WHITTAKER is introducing in the House, would change the official name of the large Corps of En-

gineers water project in Marion County to Marion Reservoir.

This name change should clear up confusion that has been experienced in the past by those who are promoting both lakes in Marion County. It is my understanding that the Corps of Engineers has no objections to the name change. Mr. President, it is important that we at the Federal level not stand in the way of progress that is being made by our local communities.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1016

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the lake located northwest of the City of Marion, Kansas, commonly known as "Marion Lake", and adopted and authorized in Public Law 80-516, shall hereafter be known and designated as "Marion Reservoir". Any reference to such lake in a law, map, regulation, document, record or other paper of the United States shall be deemed to be a reference to "Marion Reservoir".

By Mr. FORD (for himself, Mr. LEAHY, Mr. HEFLIN, and Mr. PRYOR):

S. 1017. A bill to enhance the ability of the Bureau of the Census to gather information concerning rural areas for Congress, to improve historic preservation efforts, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

RURAL PROGRESS MONITORING AND HISTORIC PRESERVATION ACT

Mr. FORD. Mr. President, today I am introducing the Rural Progress Monitoring and Historic Preservation Act of 1989, along with the distinguished chairman of the Senate Agriculture Committee, Senator LEAHY, the distinguished chairman of the Rural Development Subcommittee, Senator HEFLIN, and the distinguished Senator from Arkansas, Senator PRYOR, who is also a member of that subcommittee. I commend my colleagues and other members of the committee for the foundation they have been laying to support comprehensive rural development legislation, which will hopefully be enacted during this session of Congress. I am also privileged to have joined with 31 of my colleagues on the Bipartisan Task Force on Rural Development, established by the distinguished majority leader and minority leader.

It is no coincidence that so many are now interested in the issue of rural development. In many ways, the traditional quality of life in our Nation's rural areas has been extremely good. Family and community values, and the sense of identity among rural people have always been very strong. However, the economic growth in this country over the last 6 years has not been distributed evenly. It has not had a beneficial impact in many rural areas. We know that unemployment is greater in many rural areas. Poverty levels are higher in many rural areas. Education and family income levels are much lower in many rural areas. Health care is inadequate in many rural areas. And the infrastructure is in disrepair in many rural areas.

Mr. President, Kentucky is a rural State. Seventy-eight percent of Kentuckians live in towns or communities of less than 20,000 people. Fifty-five percent live outside of metropolitan statistical areas, compared to a national average of 23 percent. About half of the population in my State—49 percent—lives in communities of 2,500 or less. A recent GAO study identified 95 of Kentucky's 120 counties as rural counties. When you begin to talk about the many blessings and the many difficulties of rural America, you are talking about my State.

And Mr. President, my State has a rich and proud heritage in agriculture. There are some 93,000 farms, averaging only about 150 acres each. They are small, family farms. Farming has been at the heart of the Kentucky economy for several decades, and will continue to be. But to understand rural America you must look well beyond farming. Only about 4 percent of the labor force in my State is involved in agricultural employment. And of those actively engaged in farming, more than half—58 percent—derive some form of off-farm income from either the primary operator of the farm or spouse, or both. The average off-farm income exceeds the average income of the farm. And the bulk of these jobs are in the manufacturing or service sectors, which are central to rural America.

Mr. President, we have a responsibility to act in those areas where rural America is most deficient. In the most distressed rural areas, I do not believe people are looking for Government subsidies or handouts. However, these economically decentralized and less diverse areas can legitimately use assistance in two major areas where they lack resources: Capital formation, and information gathering and processing.

I know the distinguished chairman and other members of the Agriculture Committee have analyzed the most efficient means of delivering these resources in great detail. My proposal is much more modest, and attempts to supplement these efforts. It would assure that sufficient data is being collected to effectively monitor the changing economic conditions of rural America as a comprehensive rural development program is implemented.

Mr. President, the legislation which I am introducing today directs the Bureau of the Census to expand its data collection efforts to include more information about the rural economy. While I have just been able to cite statistics within my own State concerning the size of rural communities or the employment and average income levels for various business sectors, we still have relatively little information on what is happening within the various sectors. And we have relatively little information on how such developments are affecting the quality of life in other respects. For instance, we don't know exactly what is happening within the manufacturing or service sectors in rural America to know how different geographic areas are being affected, or what long-term impacts can be expected on employment and income levels, or what relationship exists with education, health care, infrastructure, rural housing, or other areas. Clearly, more information is needed.

Second, Mr. President, my legislation would recognize the important role of historic properties and related information as it relates to the quality of life in rural areas. It would require that any rural development programs take into account the potential impact they may have on the preservation of historic properties and historical and archeological data. Many rural areas have a unique sense of the history of their region that continues to live within their communities. It is important that this special component of rural America be preserved.

Mr. President, I again commend all of those that have expressed an interest in the issue of rural development. I believe it will remain one of the most significant economic issues facing this country for the rest of this century, and look forward to working with my colleagues to find comprehensive and innovative strategies for dealing with the needs of rural America.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1017

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Progress Monitoring and Historic Preservation Act of 1989".

SEC. 2. MONITORING THE ECONOMIC PROGRESS OF RURAL AMERICA.

(a) BUREAU OF THE CENSUS.—The Director of the Bureau of the Census shall expand the data collection efforts of the Bureau to enable the Bureau to collect statistically significant data concerning the changing economic condition of rural counties and communities in the United States, including data on rural employment, poverty and income, and other information concerning the rural labor force.

(b) EMPLOYMENT REQUIREMENTS.—The Bureau of the Census shall, to the maximum extent practicable, employ residents of nonmetropolitan counties for the expanded rural data collection operations conducted in fiscal year 1990.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for each fiscal year to carry out subsection (a).

SEC. 3. HISTORIC PRESERVATION REQUIREMENTS.

With respect to applications for assistance submitted to any entity of the Department of Agriculture, the Secretary of the Interior, in consultation with the Assistant Secretary and the National Trust for Historic Preservation in recognition of its charter duties, shall prescribe and implement regulations concerning projects receiving funding from the Department of Agriculture and their relationship with the provisions of Acts entitled—

(1) "An Act to establish a program for the preservation of additional historic properties throughout the Nation, and for other purposes", approved October 15, 1966 (16 U.S.C. 470 et seq.); and

(2) "An Act to provide for the preservation of historical and archaeological data (including relics and specimens) which might otherwise be lost as a result of the construction of a dam", approved June 27, 1960 (16 U.S.C. 469 et seq.).

By Mr. HEINZ (for himself and Mr. DECONCINI):

S. 1018. A bill to set forth principles for United States nationals involved in industrial cooperation projects in the Soviet Union and the Baltic States, and for other purposes; to the Committee on Foreign Relations.

SLEPAK PRINCIPLES ACT

Mr. HEINZ. Mr. President, for many years this Senator and other Members of Congress have pressed the Soviet Government on issues of human rights. We have fought for individual cases—we have fought for questions of principle. We have pressed for changes in Soviet law and procedure. And we have had some success: things are changing in the Soviet Union.

We all welcome that change, and hope it continues. But at this point in the process, we must recognize that in the Soviet Union, the rights of the individual are still held hostage to the whim of the state.

It has been said that the business of America is business. But human rights are also our business. Americans doing business in the Soviet Union must not slip through that nation's still narrow portal of commerce by shedding the cloth of human dignity.

American businesses, simply because they are private entities, are a symbol of freedom. But we should expect these enterprises to be more than symbols. They should adhere to the same standards of human rights in the Soviet Union that they uphold here at home.

American firms have many practical difficulties to overcome in doing business in the U.S.S.R. The Congress, and the U.S. Government, have a responsibility to provide guidance in an area where we have the expertise—human rights.

Today Senator DECONCINI and I are introducing legislation that would provide a voluntary code of conduct for American businesses that choose to undertake joint ventures in the Soviet Union. We have called it the Slepak Principles Act, after the Soviet emigre and human rights activist Vladimir Slepak.

Our legislation lays out guidelines for U.S. businesses that will promote universally recognized fundamental freedoms in United States-Soviet joint ventures. In simple terms, our legislation urges American businesses in the Soviet Union to:

Avoid use of forced labor in any form;

Not allow the ethnic, religious, or political identity or activities of Soviet employees to affect their employment;

Not use structures that were churches or synagogues as places of business;

Maintain safe work environments for workersse can;

Use environmentally sound methods, and consult with affected communities about environmental considerations; and

Seek out private Soviet cooperatives as partners.

Our legislation directs the State Department to prepare an annual report on adherence to these principles by United States firms operating in the Soviet Union. It also directs that the principles and the State Department reports be made available to American businesses interested in Soviet joint ventures and to our allies, who represent a major part of the Soviet joint venture picture.

Mr. President, it is important that the Senate understand what this legislation is not. It is not a new restriction on United States-Soviet trade. It is not a disincentive to American firms seeking business opportunities in the Soviet Union.

This bill is an effort to educate and consciousness-raise. We want to encourage United States business operating in the Soviet Union to uphold American principles of human rights and fair play. It is a bipartisan effort. And it is an effort of both Chambers of Congress—parallel legislation is to be introduced in the other body by Congressman JOHN MILLER of Washington and LARRY SMITH of Florida.

Our effort is similar to the Sullivan principles, which sought to make American businesses operating in South Africa conscious of the special human rights considerations at work in that country.

I think all of our colleagues will agree that America, including American business, stands for something special in the world, specifically for a unique view of the rights and worth of the individual. I believe this legislation advances that special view, and I urge my colleagues to join us as cosponsors, and I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1018

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Slepak Principles Act".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the Soviet Union freely undertook commitments to respect human rights and fundamental freedoms as set forth in the Helsinki Final Act, the Madrid and Vienna Concluding Documents, the Universal Declaration on Human Rights and other international human rights instruments;

(2) although there has been improved observance of human rights and fundamental freedoms in the Soviet Union and the Baltic States, serious violations of these rights and freedoms still occur there, and most improvements which have occurred have yet to be institutionalized;

(3) the utilization of forced labor in the manufacture of products and the subsequent buying and selling of these products is an abuse of human rights and is still practiced in the Soviet Union and the Baltic States;

(4) religious communities in the Soviet Union and the Baltic States have only limited control of the religious property they use and the Soviet Government can take such property away from these communities for its own use;

(5) Soviet labor practices have included denying individuals employment, discriminating against them in their employment, and dismissing them from their employment for acting upon their rights and freedoms;

(6) employers have an obligation to provide safe working conditions for their employees;

(7) serious environmental problems exist in the Soviet Union and the Baltic States, and local officials and communities have very limited ability to address or resolve these problems or to protect the environment;

(8) the recent enactment of laws in the Soviet Union allowing Soviet citizens to engage in limited forms of private enterprise in the form of cooperatives is a positive step towards the establishment of a freer economy and society;

(9) Vladimir Slepak, a former Soviet citizen and a founding member of the Moscow Helsinki Monitoring Group organized to monitor Soviet compliance with the Helsinki Final Act of the Conference on Security and Cooperation in Europe, has proposed principles relating to the conduct of industrial cooperation projects in the Soviet Union and the Baltic States that will promote individual human rights there; and

(10) it is in the interest of the United states that all United States nationals participating in industrial cooperation projects, including joint ventures, in the Soviet Union and Baltic States conduct their activities in a way that is consistent with internationally recognized norms regarding respect for human rights and fundamental freedoms, occupational safety standards, and protection of the environment.

SEC. 3. SLEPAK PRINCIPLES.

It is the sense of the Congress that United States nationals involved in industrial cooperation projects, especially joint ventures, in the Soviet Union and the Baltic States, or seeking to do so, should undertake—

(1) to ensure that they do not use goods, facilities, or services when there is reason to believe that these goods, facilities, or services were produced, wholly or in part, with the utilization of forced labor;

(2) to ensure, with respect to the Soviet workers employed in the industrial cooperation project, that a worker's political or religious views, sex, ethnic, or social background, or engagement in activities promoting human rights or other activities protected under the Helsinki Final Act and the Madrid and Vienna Concluding Documents, will not affect, or be allowed to affect, the status or terms of his or her employment;

(3) to decline participation in an industrial cooperation project involving the use of a structure currently or previously serving as a religious institution or a place of worship;

(4) to ensure that methods of production used in the industrial cooperation project meet international standards for occupational safety and do not pose a threat to the danger to workers or surrounding communities;

(5) to refrain from using methods of production that pose unnecessary environmental risks to the surrounding environment, including nearby populations and their property, and to seek to consult with concerned populations regarding protection of the local environment; and

(6) to seek out private cooperatives as potential partners or participants in commercial activities, when that is commercially feasible and allowed by relevant Soviet law.

SEC. 4. ANNUAL REPORT.

(a) Not later than 2 years after the date of enactment of this Act, and every 12 months thereafter, the Secretary of State shall submit to the Congress a report describing the extent to which industrial cooperation projects, including joint ventures, located in the Soviet Union and the Baltic States in which United States nationals participate adhere to the principles contained in section 3.

(b) The Secretary of State shall provide this report to the Organization for Economic Cooperation and Development, including its secretariat and its member States, and encourage these States to promote principles similar to those contained in this Act.

(c) The Secretary of Commerce and other United States Government agencies in contact with United States nationals participating in or interested in participating in industrial cooperation projects, including joint ventures, in the Soviet Union and the Baltic States shall inform these United States nationals of the contents of this Act and provide them with copies of the reports submitted to the Congress under this section.

SEC. 5. DEFINITIONS.

As used in this Act—

(1) the term "industrial cooperation" means the following commercial activities: joint ventures in production and sale; coproduction; specialization in production and sale; construction, adaptation and modernization of plants; cooperation in the setting up of complete industrial installations; mixed companies;

(2) the term "United States national" means—

(A) a citizen of the United States or other individual who owes permanent allegiance to the United States; and

(B) a corporation, partnership, or other business association organized under the laws of the United States, any State or territory thereof, the District of Columbia, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands; and

(3) the phrase "adhere to the principles contained in section 3" means—

(A) agreeing to abide by the principles contained in section 3 in any industrial cooperation projects undertaken in the Soviet Union or the Baltic States;

(B) providing the Department of State with information about industrial cooperation projects in the Soviet Union and the Baltic States that is relevant to the principles contained in section 3; and

(C) making a good faith effort to abide by the principles contained in section 3 in any industrial cooperation projects undertaken in the Soviet Union or the Baltic States.

● Mr. DECONCINI. Mr. President, today, my distinguished colleague from Pennsylvania, Senator HEINZ, introduced the Slepak Principles Act. The Senator is an active and committed member of the Helsinki Commission, which I chair, and I am pleased to be cosponsoring this legislation with him.

This legislation promotes a modified version of the Slepak principles. These are named for Vladimir Slepak who served 5 years in Siberian exile for his efforts to promote Soviet compliance with the Helsinki accords. The accords were signed by the United States, Canada, and 33 European nations, including the Soviet Union, in 1975. Now living in Israel, Mr. Slepak believes that trade can serve in a positive and direct way to promote human rights.

The Slepak principles tell us how this can be done. They represent a fundamental element of the philosophy on which the Helsinki accords are based—a philosophy which is designed to guide relations between nations toward the common goal of achieving lasting peace. The Helsinki accords recognize that this objective can be reached only if two key aspects of one country's relationship with another country, economic cooperation and military security, are developed in concert with a third aspect—respect for individual freedoms. It is this human rights component of the Helsinki accords which has been instrumental in shaping the direction and nature of our overall relations with Warsaw Pact countries.

President Gorbachev's initiatives are a dramatic example of how domestic reforms can act as a catalyst to the expansion of a country's international relations in general. This atmosphere of hope that the cold war has ended is creating a renewed Western interest in the Soviet Union's commercial market potential. As United States companies explore trade possibilities in the U.S.S.R., they have a unique opportunity to promote the Helsinki process—a process which is playing an ever-increasing role in East-West relations.

The purpose of the Slepak principles is to offer American firms a set of voluntary—and I stress voluntary—guidelines to follow as they establish joint ventures in the U.S.S.R. It is not the intent of the Slepak Principles Act to legislate restrictions on how United States companies should do business with the Soviets. It is the objective of the principles, however, to increase the level of awareness among United States corporations about certain Soviet labor policies and practices which infringe on human rights and run contrary to the goals of Helsinki. The extent to which U.S. corporations choose to permit policies which compromise the standards they follow elsewhere in the world is up to them. But in this era of glasnost and perestroika, it is difficult to understand why an American firm would allow a commercial venture with the Soviets to ignore internationally accepted standards with respect to human rights and environmental concerns. This is especially true given the importance we Americans attach to human rights and fundamental freedoms.

The Slepak principles speak to such basic questions as nondiscrimination on the basis of sex, religion, ethnic background, or political views. They encourage companies not to endorse the Soviet Government's practice of using desecrated churches and synagogues as sites for commerical facilities. The principles encourage the adoption of international standards for occupational safety and methods of production which take into account environmental concerns.

There are those, Mr. President, who may be critical of the Slepak principles. These people will claim they are an effort to inhibit trade with the Soviets. It will be unfortunate if they are viewed in this way. The Slepak principles are not a statement of whether we should or should not increase our trade with the Soviet Union. Rather, they provide companies who wish to develop Soviet trade with a framework which would enable them to conduct business in a manner more consistent with corporate standards in the West. Moreover, they will help to build a broader consensus in this country on trading with the Soviets, an issue on which there are currently very divergent views. The Slepak principles offer corporate America the chance to contribute to the Helsinki process. They also demonstrate the wisdom of Ralph Waldo Emerson when he wrote, "Trade makes peace and trade keeps peace."●

By Mr. FOWLER (for himself, Mr. LEAHY, Mr. PRYOR, Mr. KERREY, Mr. CONRAD, and Mr. BOREN):

S. 1019. A bill to amend the Rural Electrification Act of 1936 to establish

a nationwide rural star school program to improve educational opportunities in rural areas and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

RURAL STAR SCHOOLS ACT

● Mr. FOWLER. Mr. President, today there are hundreds of promising students in rural areas throughout this Nation who have exhausted the coursework in science or foreign language that is available to them in their local high schools. They are ready to move on to more advanced studies, but there is no one to teach them.

This is a waste of our most precious resources and our greatest potential. It is a problem that has always plagued our small towns and countryside. For the first time, I think we have a real opportunity to do something about it. That is why I am introducing the Rural Star Schools Act of 1989, as part of Senate Agriculture Committee legislative package for rural development.

In this computer, satellite, and telecommunications age, there is no excuse for important segments of our population to be isolated from knowledge and information—information they can use to develop careers and economic opportunities. Star schools will allow us to use modern technology to provide stronger curriculums in remote school systems that would not otherwise have the resources to offer courses in calculus or Japanese. The coursework made available will complement and enhance the work of the many dedicated and usually overburdened teachers who serve our rural schools and communities.

Today it is possible for students with special needs and aptitudes, whatever their location, to take even the most esoteric courses and to communicate with faraway instructors using television screens and computer keyboards. The legislation I propose would make a real commitment to education in our rural areas by making an initial investment in the necessary hardware and instruction. It is technology neutral, allowing us to employ the best transmissions capabilities available in a given area.

American education in general has to improve—with every international comparison showing American teenagers falling behind their Asian and European counterparts in math and science. We know our young people must be better educated if we are going to succeed in international competition. We know that educated citizens form the foundation of a free society. For the individual, education is the key to personal success. For our rural communities, it is the key to economic development.

When I visit my home State, every local official and businessperson I talk to says that limited educational resources are a constant obstacle to rural development. We have got to have a better educated, more highly skilled work force, with better access to vocational training, to serve the industries and businesses which do not have to locate in urban centers. As we work to improve our Nation's educational system, cannot afford to leave the bright students of our rural areas behind.

I believe this is in our national interest. I also say this on behalf of our important small town heritage—because these are the people who feed us and clothe us and ultimately account for half of America's GNP. Lack of educational and job opportunities are among the main reasons that young people are forced to leave our small towns. The star schools concept—supported by so many of our educators, broadcasters, rural cooperatives, and responsible corporate citizens—epitomizes the progressive change we need for the survival of our rural communities.

The benefits from rural star schools can help revitalize the countryside, offering rural families a real choice of staying close to their roots: to the land, to the families and friends, to the schools, churches, and communities they grew up with.

I ask my colleagues to join me in this commitment to rural America.●

By Mr. BRADLEY (for himself and Mr. MATSUNAGA):

S. 1020. A bill to amend the Foreign Assistance Act of 1961 to authorize appropriations for the Child Survival Fund and for other health and disease assistance programs; to the Committee on Foreign Relations.

AUTHORIZATION OF APPROPRIATIONS FOR CHILD SURVIVAL EFFORTS

● Mr. BRADLEY. Mr. President, I rise to introduce a bill with my colleague from Hawaii [Mr. MATSUNAGA], to reauthorize the international health programs, including the Child Survival Fund. This bill continues the current U.S. commitment to international immunizations.

Each year, 3.5 million children—about 10,000 a day—die needlessly from 6 vaccine preventable diseases: polio, measles, whooping cough, diptheria, tetanus, and tuberculosis. An equal number of children who survive these diseases suffer permanent physical and mental handicaps or are so severely weakened that they succumb more readily to the ravages of malnutrition and diarrhea. This is a daily tragedy in the developing world that can only be prevented through a worldwide effort to eradicate these deadly diseases.

Fortunately, the technology is available to prevent this tragedy. Universal access to childhood immunization, however, requires a continuing commitment on the part of all of the world's nations. The United States is not being asked to carry the entire burden of immunization of the world's children, but to participate in a global effort. In fact, approximately 80 percent of the resources needed to carry out vaccination programs are now provided by developing nations. But help from the industrialized nations is crucial to this effort.

In 1986, in an effort to immunize the world's children, we increased the Child Survival Fund by $50 million, an amount devoted to assisting nations in oral rehydration therapy and the development of locally sustainable delivery systems capable of immunizing their own children. The Child Survival Fund Act of 1989 continues this commitment by authorizing funding for this program through 1991. The bill authorizes $96 million in 1990—the same level as 1987—and $100 million in 1991 to ensure that AID will continue its commitment to assisting the developing nations in the delivery, distribution, and use of vaccines as well as oral rehydration therapy.

Mr. President, I am pleased to report that the efforts undertaken with the help of this funding have produced visible results. At the beginning of the decade, only about 10 percent of the children in developing nations were immunized. Currently, about 50 percent of children had been immunized. Any by 1990, if current world commitment continue, about 70 to 80 percent of the world's children will be immunized. We are within striking distance of the goal of universal access to immunizations for the world's children. That is no small accomplishment. Increases in immunizations are translating into actual reductions in cases of fatal and debilitating diseases among children. According to UNICEF, 1.5 million deaths were averted due to immunizations in 1987.

We need to continue the good work that we have begun. Unless immunizations remain at current levels, the toll on children will be significant. In addition to humanitarian concerns, a commitment to universal immunization is a cost-effective strategy. In the industrialized world, every $1 spent on immunizations saves about $14 in preventative and rehabilitative costs. In the developing world, savings are even higher. In nations such as the Ivory Coast, for every $1 spent on immunizations, $20 in medical and rehabilitation costs are saved.

For the sake of the world's children, I urge my colleagues to support the continuation of this valuable effort.●

By Mr. McCAIN:

S. 1021. A bill to provide for the protection of Indian graves and burial grounds, and for other purposes; to the Select Committee on Indian Affairs.

NATIVE AMERICAN GRAVE AND BURIAL PROTECTION ACT

● Mr. McCAIN. Mr. President, I rise today to introduce a bill for discussion on the issue of repatriating skeletal remains of native Americans, grave goods, and sacred ceremonial objects currently held in museums and other institutions. The measure I am introducing is similar to H.R. 1646 as introduced by Congressman MORRIS UDALL earlier this year.

The increasing controversy between museums and Indian tribes over native American skeletal remains, objects, and grave goods focuses primarily on the issue of ownership. Museums generally presume ownership on the basis of the Antiquities Act of 1906 and the Archaeological Resources Protection Act of 1979. Both acts basically provide that skeletal remains and other archaeological resources found on public lands are property of the United States and that they may be held in permanent museum collections. Tribes argue that title to skeletal remains, grave goods and ceremonial objects is held by the tribe unless the tribe or an individual member specifically transferred title to the museums. Last year the Select Committee on Indian Affairs considered S. 187, a bill which would have established a Native American Museum Claims Commission. The purpose of that Commission would be to investigate and adjudicate disputed claims if a negotiated voluntary settlement failed.

The bill I am introducing for discussion eliminates the need for a commission to adjudicate disputed claims by clarifying that the ownership of skeletal remains and grave goods and sacred ceremonial objects is held by the tribes or the heir of the native American, if one can be identified. The bill defines a process for repatriation by requiring Federal agencies to undertake a 2-year inventory of the skeletal remains and objects in their possession or control. The Federal agencies would then have 1 year to disseminate the result of their inventory to the governing body of each tribe. Each tribe would then have 1 year from the date they receive the inventory to notify the agency which, if any, remains, grave goods or objects they decide to accept and the date and manner of delivery. The agency would then be required to return the items requested unless they could show that those items were acquired with the express consent of the tribe or individual owners, or the items were indispensable for the completion of a specific scientific study. If the items were retained for scientific study, the agency would have 90 days after the study is completed to return the items to the tribe if the tribe had requested the agency to do so earlier.

The bill establishes a similar course of action for museums which receive Federal funds. A museum which fails to comply with the provisions of the act would be precluded from receiving any further Federal funds. The bill also prohibits the sale, use for profit, or interstate transport of native American skeletal remains, grave goods, or sacred ceremonial objects. A person may be fined up to $10,000 if convicted of violating this provision. The U.S. district courts are granted the authority to enforce the provisions of the act.

I would like to take a moment to highlight one result from last year's hearings that offers some hope for a consensus solution to the ongoing controversy between museums and Indian tribes. Mr. Michael J. Fox, director of the Heard Museum in Arizona, testifying on behalf of the American Association of Museums [AAM], presented a proposal for the committee's consideration for an intense year-long dialog between the native American and museum communities. The purpose of the dialog would be to review, study, and submit recommendations to assist the Congress in their consideration of a policy by which native American claims to certain categories of objects in museums and other institutions can be resolved in a uniform and timely fashion.

The proposed year-long dialog was greeted with some understandable skepticism within the native American community. Indian tribes argued that legislation was necessary as a means to force museums and other institutions to process their claims for repatriation of certain objects. Tribal witnesses told the committee that without some enforcement mechanism their claims would never receive serious consideration. Keeping both perspectives in mind, the Senate Select Committee on Indian Affairs Committee Report (S. Rept. 601, 100th Cong. 2d sess. 5) included the following statement regarding AAM's proposal:

> The museum community and the professional organizations which have an interest in permanent curation are opposed to the legislation. On the other hand, the Museum community has acknowledged the necessity of responding to tribal demands for repatriation and has volunteered to facilitate a dialogue between tribes and museums to develop recommendations for addressing the conflict. The Committee would encourage this activity, provided that the tribes wish to participate and have an equal opportunity to frame the agenda of such a dialogue and development of recommendations. * * *

After the 100th Congress adjourned without legislation enacted, Mr. Fox, with the full support of the board of trustees for the Heard Museum, began turning his proposal into a reality. A meeting was held at the Heard Museum in Phoenix, AZ, on December 12, 1988 to draft a plan of action for a national dialog. In attendance at this planning session were members of the native American community, museum curators, and a group of distinguished anthropologists.

The panel agreed that the national dialog should be composed of individuals representing diverse points of view, with equal representation for native Americans. All present indicated that the goal of returning to the Congress with the results of the national dialog by the beginning of the 2d session of the 101st Congress was both reasonable and necessary.

With an initial plan of action in place, the focus of attention turned to selecting the national panel members. Ms. Suzan Harjo, executive director, National Congress of American Indians, assumed a primary role in selecting the native American panelists. Mike Fox coordinated the selection process for members from the museum community. The original list of panel members includes:

Dr. William L. Boyd, president, Field Museum of Natural History, Chicago, IL;

Mr. Roger Buffalohead, St. Louis Park, MN;

Dr. Vine Deloria, Jr., Department of Political Science, University of Arizona;

Dr. Lynne Goldstein, Department of Anthropology, University of Wisconsin-Milwaukee, Milwaukee, WI;

Ms. Suzan Harjoi, executive director, National Congress of American Indians, Washington, DC;

Mr. Oren Lyons, Onondaga Nation, Nedrow, NY;

Mr. Will Mayo, TANANA Chiefs Conference, Fairbanks, AK;

Dr. Michael Morratto, president, INFOTEC, Fellow and Research Associate in Anthropology, California Academy of National Science;

Mr. Ruben Snake, Winnebago Tribal Council, Winnebago, NE;

Dr. Martin Sullivan, director, New York State Museum, Albany, NY;

Mr. Walter Echohawk, Native American Rights Fund, Boulder, CO;

Ms. Harriet Toro, Phoenix area vice president, National Congress of American Indians, Sells, AZ;

Dr. Douglas Ubelaker, Department of Anthropology, National Museum of Natural History/National Museum of Man, Smithsonian Institution, Washington, DC; and

Dr. Peter H. Welsh, director of research/chief curator, the Heard Museum, Phoenix, AZ.

Dr. Paul Bender, dean, College of Law, Arizona State University, was selected as the panelist's facilitator and Mr. Michael J. Fox as the administrator. In addition to the panelists, Dr. Rennard Strickland, visiting professor, Arizona State University, serves as an ex-officio member of the panel, and various House and Senate staffers have been welcomed as observers. Although each of the panelists is associated with a university, organization,

museum or institution, they are participating on the panel in their individual capacities. Each member of the panel brings important experience and expertise to this task. The Congress and all American people should benefit greatly from the work which has been undetaken by the panel.

The national panel has already held two meetings at the Heard Museum, one on April 1 and the second on May 6. While a significant amount of discussion remains, the process is underway, and, I believe, the dialog has the potential not only to help the museum and native American communities to better understand the other's perspective, but to assist the Congress in achieving a fuller understanding of the repatriation issue. It is my hope that the bill I am introducing today for discussion, along with the other House bills or any additional Senate bills, will help facilitate the panel's discussions on what would constitute a fair and manageable repatriation process. I look forward to the recommendations of the national panel.

I want to publicly commend the Heard Museum and the board of trustees for the time, resources, and facilities they have made available to develop and support this national dialog. I also want to commend the National Congress of American Indians for taking an active role in this year-long dialog. I am encouraged by their participation, and know that they will make a significant contribution to the panel's discussions.

Mr. President, I ask unanimous consent that a copy of the bill be inserted in the RECORD following my remarks.

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

S. 1021

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Native American Grave and Burial Protection Act".

FINDINGS

SEC. 2. The Congress finds that—

(1) numerous agencies and instrumentalities of the Federal Government, as well as State and private museums which receive Federal funding, have in their possession the skeletal remains of Native Americans;

(2) some of these skeletal remains are readily identifiable as to tribal origin and, in other instances, tribal origin can be inferred with reasonable certainty;

(3) Indian tribes have expressed a clear and unequivocal interest in acquiring these skeletal remains for purposes of reinterment or other disposition which is consistent with tribal religious or cultural practices;

(4) it is necessary to develop an effective mechanism to provide for the respectful return of these skeletal remains;

(5) numerous Federal agencies have jurisdiction over Federal lands which contain the skeletal remains of Native Americans, associated grave offerings, and sacred ceremonial objects;

(6) numerous institutions have gained control over skeletal remains, associated grave offerings, and sacred ceremonial objects by virtue of Federal funding of archeological and other projects on non-Federal lands;

(7) confusion exists over who should rightfully have control or ownership over skeletal remains and ownership of associated grave offerings and sacred ceremonial objects, which are located on, or which have been disinterred from, Federal lands; and

(8) it is necessary to clarify ownership interests in Native American items located on tribal and Federal lands.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) The term "Native American" means any individual who is—

(A) an Indian,

(B) an Alaska Indian, Eskimo, or Aleut, or

(C) a Native Hawaiian.

(2) The term "Native Hawaiian" means any individual who is a descendant of the aboriginal people who, prior to 1778, occupied and exercised sovereignty in the area that now comprises the State of Hawaii.

(3) The term "Indian tribe" means any tribe, band, nation, or other organized group or community of Indians which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(4) The term "tribal land" means—

(A) all lands within the limits of any Indian reservation under the jurisdiction of the United States Government, notwithstanding the issuance of any patent, and including rights-of-way running through the reservation,

(B) all dependent Indian communities, including lands conveyed to Native Corporations pursuant to the Alaska Native Claims Settlement Act, within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a State, and

(C) any lands administered for the benefit of Native Hawaiian pursuant to the Hawaiian Homes Commission Act, 1920 and section 4 of Public Law 86-3 (48 U.S.C. 491, note preceding).

(5) The term "grave goods" means any object which was found in the grave of, or is otherwise directly associated with the skeletal remains of, a Native American.

(6) The term "sacred ceremonial object" means any specific item which is, or has been, devoted to a Native American religious ceremony and which is essential for the continuing observance of such religious ceremony.

(7) The term "museum" means any museum, university, government agency, or other institution receiving Federal funds which possesses or has control over any Native American skeletal remains or sacred ceremonial objects.

CONSENT REQUIREMENT

SEC. 4. (a) Notwithstanding any other provision of law, it shall be unlawful for any person to sell, use for profit, or transport from one State to another State any skeletal remains of a Native American, any grave goods, or any sacred ceremonial objects without the express written consent of—

(1) in the case of remains and grave goods, the heirs of the Native American, or

(2) in the case of sacred ceremonial objects or in the case of remains or grave goods for which the heirs of the Native American cannot be ascertained, the governing body of the Indian tribe of which the Native American was a member or from which such grave goods or objects originated.

(b) Any person who knowingly violates subsection (a) shall, upon conviction, be fined not more than $10,000 per violation.

OWNERSHIP

SEC. 5. (a) Any skeletal remains of a Native American, any grave goods, or any sacred ceremonial objects which are excavated or discovered after the date of enactment of this Act shall be disposed of according to the wishes of—

(1) in the case of remains and grave goods, the heirs of the Native American, or

(2) in the case of sacred ceremonial objects or in the case of remains or grave goods for which the heirs of the Native American cannot be ascertained, the governing body of the Indian tribe of which the Native American was a member or from which such grave goods or objects originated.

(b) Any skeletal remains and grave goods of a Native American for whom the heirs cannot be ascertained, and any sacred ceremonial objects, that are found on Federal or tribal land shall be considered to be owned by the Indian tribe—

(1) which has jurisdiction over the reservation on which such items were discovered,

(2) which aboriginally occupied the area from which such items were discovered,

(3) in the case of remains and grave goods, of which the Native American was a member,

(4) in the case of grave goods or sacred ceremonial objects, from which such grave goods or objects originated, or

(5) which can show a cultural affiliation with such items.

(c) Nothing in this section shall prevent an Indian tribe from expressly relinquishing title to any skeletal remains, grave goods, or sacred ceremonial objects.

ACTIONS BY FEDERAL AGENCIES

SEC. 6. (a) By no later than the date that is 2 years after the date of enactment of this Act, any agency or instrumentality of the Federal Government which has possession or control of any skeletal remains of a Native American, any grave goods, or any sacred ceremonial object shall compile an inventory of all of such items in its possession or control and, to the extent possible, identify such items as to the Indian tribe of which the Native American was a member or from which the items originated.

(b)(1) By no later than the date that is 3 years after the date of enactment of this Act, each Federal agency and instrumentality described in subsection (a) shall provide to the governing body of each Indian tribe notice of any skeletal remains of a Native American, grave goods, or sacred ceremonial objects that are associated with the Indian tribe and are in the possession or control of the agency or instrumentality. The notice shall contain—

(A) a list which identifies each of such items and the circumstances surrounding the acquisition of the item, and

(B) a list of items that are not definitely identifiable as being associated with that Indian tribe but which, given the totality of circumstances surrounding the acquisition of the item, make it more likely than not that the item originated with that Indian tribe or that the skeletal remains are of a member of that Indian tribe.

(2) A copy of each notice provided under paragraph (1) shall be sent to the Secretary

of the Interior who shall publish a list of all the notices in the Federal Register.

(c)(1) By no later than the date that is 1 year after the date on which notice is provided to an Indian tribe by a Federal agency or instrumentality under subsection (b)(1), the Indian tribe shall decide which, if any, of the remains, grave goods, or sacred ceremonial objects it agrees to accept and shall notify the Federal agency or instrumentality of such decision and of the place, date, and manner of delivery that the Indian tribe has chosen.

(2) Notwithstanding any other provision of law, upon receiving notice of acceptance of items by an Indian tribe under paragraph (1), the Federal agency or instrumentality shall return such items to the Indian tribe unless such items—

(A) were acquired with the express consent of the Indian tribe or the legitimate Native American owners of such items, or

(B) are indispensable for the completion of a specific scientific study, the outcome of which would be of major benefit to the United States.

(3) If an Indian tribe provides notice of acceptance of items to a Federal agency under paragraph (1) and the items are not returned to the Indian tribe by reason of a scientific study described in paragraph (2)(B), the Federal agency shall return the items to the Indian tribe by no later than the date that is 90 days after the date on which the scientific study is completed.

ENFORCEMENT

SEC. 7. The United States district courts shall have jurisdiction over any action brought by an heir of a Native American or by an Indian tribe alleging a violation of this Act and shall have the authority to issue such orders as may be necessary to enforce the provisions of this Act.

ACTIONS REQUIRED FROM CERTAIN MUSEUMS

SEC. 8. (a) By no later than the date that is 2 years after the date on which a written request for the return of skeletal remains, grave goods, or sacred ceremonial objects is submitted by the governing body of any Indian tribe to a museum which receives Federal funds, the museum shall return to the Indian tribe any skeletal remains of a Native American who was a member of the Indian tribe, and any grave goods or sacred ceremonial object which originated from the Indian tribe, that are in the possession or control of the museum unless—

(1) such items were acquired with the consent of the Indian tribe or the Native American owners of such items, or

(2) such skeletal remains are indispensable for the completion of a specific scientific study, the outcome of which would be of major benefit to the United States.

(b) If an Indian tribe makes a written request to a museum for the return of items under subsection (a) and the items are not returned to the Indian tribe by reason of a scientific study described in subsection (a)(2), the museum shall return the items to the Indian tribe by no later than the date that is 90 days after the date on which the scientific study is completed.

(c) Notwithstanding any other provision of law, any museum that fails to comply with the provisions of this section shall no longer be eligible to receive any Federal funds.●

By Mr. INOUYE:

S. 1022. A bill to amend the Communications Act of 1934 to provide authorization of appropriations for the Federal Communications Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

AMENDING THE COMMUNICATIONS ACT OF 1934

● Mr. INOUYE. Mr. President, today, I am introducing legislation to reauthorize the Federal Communications Commission for fiscal years 1990 and 1991. The President has asked that we fund the Commission at a level of $109,831,000 for fiscal year 1990 and $117,831,000 for fiscal year 1991. Both of these amounts represent increases over current authorization levels. The increase for fiscal year 1990 is to fund pay increases and the retirement program. The much larger increase for the next fiscal year is to cover the major cost of consolidating the Commission in a single building.

The legislation I am introducing reflects these amounts requested by the administration. The FCC's workload has increased tremendously with the introduction of new services. Not only must the Commission first determine what new services shall be offered, it then must process the tens of thousands of applications it receives, enforce its rules and police interference. The Commission is also involved in fundamental decisions about the use of the scarce electromagnetic spectrum and important actions concerning the development and maintenance of competition in the telecommunications marketplace. Finally, the Commission must continue to pursue effective regulatory policies where necessary to ensure the public interest is served.

This legislation also provides for the extension of: the travel reimbursement program; the program to permit the Commission to use the skills of older Americans; and the authority to relocate the Hawaii monitoring station. The Congress has provided for these policies in past FCC reauthorization legislation. Experience has demonstrated their value, and I believe we need to continue them.●

By Mr. DASCHLE (for himself, Mr. LEAHY, Mr. PRYOR, and Mr. CONRAD):

S. 1023. A bill to provide grants by the Department of Agriculture for technology and emergence assistance to benefit rural areas, to target Rural Electrification Administration investments toward business development, telecommunications improvements, and community planning, to assist distressed rural hospitals with FmHA community facility loans, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

ADVANCED TECHNOLOGY AND EMERGENCY ASSISTANCE ACT OF 1989

By Mr. DASCHLE (for himself, Mr. LEAHY, and Mr. CONRAD):

S. 1024. A bill to improve the coordination of the rural development efforts of the Department of Agriculture, and to increase the rural development efforts of the Rural Electrification Administration, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

RURAL MONITORING AND ASSISTANCE ACT OF 1989

● Mr. DASCHLE. Mr. President, out of concern that rural communities have for too long taken a back seat in our Nation's economic affairs, I rise today to introduce the Rural Monitoring and Assistance Act of 1989 and the Advanced Technology and Emergency Assistance Act of 1989.

Let's face it. The economic statistics for nonmetropolitan, noncoastal America have not been encouraging during the past decade. After experiencing a revitalization during the 1970's, rural areas today suffer from net outmigration; lower average incomes and higher unemployment rates than metropolitan areas; and a deterioration in quality of life through hospital closings. We need to take affirmative steps to address these problems. As one Nation, we cannot consciously allow an entire way of life for a significant sector of our society to wither. We owe it to ourselves to make rural, as well as urban life, viable.

The two bills I am introducing today address several important needs faced by rural areas.

RURAL MONITORING AND ASSISTANCE ACT OF 1989

This bill would do two things. First, it would require the Secretary of Agriculture to make recommendations by September 1, 1989, regarding how to improve the coordination of rural development activities by seven USDA agencies (FmHA, Forest Service, Soil Conservation Service, Agricultural Research Service, REA, Office of Transportation, ASCS, Extension Service).

The Department of Agriculture has a strong presence in rural America. Its successes and failures can have a dramatic impact on life in rural areas. Yet, many USDA programs have been seriously impaired in recent years. To cite one example, nonagricultural rural assistance funding for the Farmers Home Administration alone has fallen from approximately $3 billion per year to roughly $600 million per year in the past decade.

The Rural Monitoring and Assistance Act recognizes that budgetary restrictions will continue to restrain the amount of Federal investment in community development programs in rural areas. However, this provision mandates that we should not give up on ensuring that the money we do allocate for this purpose is spent wisely. I am hopeful that the Secretary of Agriculture's study, due by the end of this fiscal year, will make thoughtful suggestions for better targeting and coordinating our limited resources for

rural development within the Department of Agriculture.

Second, this bill would require the Secretary of Agriculture to study economically distressed rural counties from fiscal years 1990 through 1993, and make recommendations about how USDA can best meet the needs of distressed rural economies.

This provision recognizes that certain counties have very specific needs for revitalizing economic conditions. A long-term study of these needs would greatly enhance our ability, as well as the ability of the Department of Agriculture, to ensure that the unique needs of certain areas can be met constructively.

ADVANCED TECHNOLOGY AND EMERGENCY ASSISTANCE ACT OF 1989

This bill provides for emergency loans to rural communities, the restructuring of Farmers Home Administration (FmHA) hospital loans, technical assistance, and targeted investment of Rural Electrification Administration funds toward rural development activities.

EMERGENCY LOANS FOR COMMUNITIES

This bill would create a new emergency loan authority within FmHA to address emergency needs in rural communities. The proposal would amend the current law to allow communities to apply for short-term, low-interest loans for emergency purposes. Emergency situations are defined as those events that cannot be practically planned for by a local governmental entity. The maximum loan amount under the program would be $50,000, with a maximum term of 2 years. The proposal would authorize $2.5 million for the program for fiscal year 1990, and $5 million for each fiscal year thereafter.

South Dakota communities continually face unanticipated emergencies, such as the need to replace an ambulance or repair a broken water line. These are situations that cannot always be absorbed by the budgets of small communities. A $50,000 expense is a budget buster for many small communities across the country. This provision will help those communities that are unable to qualify for private financing to deal with such emergencies.

Terms of loans made under this program could be converted to longer terms under existing loan programs within FmHA. This emergency loans proposal would simply augment current FmHA efforts to finance these activities.

TECHNICAL ASSISTANCE

My bill would also retool existing law that provides grants for purposes of preparing long-range development plans, preparing project-specific business plans, and funding community leadership development. My proposal would amend the existing section 111 grants program at FmHA to make private nonprofit organizations eligible for the grants. This change recognizes the need to maximize the benefit these programs can play in making positive changes in rural America.

This proposal would also increase authorization levels for technical assistance by $5 million. This additional pool of funds would be targeted to technology advancement proposals. The funds would be used to promote the development of computer and telecommunications centers.

FMHA HOSPITAL LOAN RESTRUCTURING

The FmHA Hospital Loan Restructuring provision would direct the Secretary of Agriculture to promulgate regulations to restructure delinquent hospital and medical care facility loans. The regulations would be similar to those promulgated under the Farm Credit Act for delinquent farm loans. As such, the program would not cost the Federal Government any money. The goal of this proposal is to ensure that rural hospitals do not fail as a result of Federal policies that display a benign neglect toward the needs of rural health care. While I cannot guarantee that this provision will save every rural hospital that has a FmHA loan, it will at least provide the delinquent health care facility an opportunity to restructure its Federal obligation.

For over a year, I have been working with Five Counties Hospital in Lemmon, SD, trying to reach some agreement with FmHA regarding the community's struggle to save the facility. The hospital is vitally important for the emergency, short-term health care needs of the entire Northwest region of South Dakota. I am convinced that most hospitals facing similar circumstances would have closed long ago. Whether or not closing is in their best interests, these facilities must at least be afforded the opportunity to restructure their Federal debt in a manner consistent with the Federal Government's fiduciary responsibility.

TARGETING INVESTMENTS BY ELECTRIFICATION BORROWERS

Finally, this bill would provide specific guidance to rural electric cooperatives as they consider how to invest in development activities. Currently, cooperatives can use up to 15 percent of their total utility plant for any purpose, without the approval of the administrator. My provision would target that investment to such development activities as business development centers; rural business investment corporations; business, medical or education-related telecommunications or infrastructure improvements; business incubator programs; or related activities. This should encourage greater use of the funds already available to the cooperatives.

Both the Rural Monitoring and Assistance Act and the Advanced Technology and Emergency Assistance Act attempt to direct our limited rural development resources to activities that will bring the most benefits to rural residents. I ask that my colleagues join me in reaffirming our commitment to rural Americans and show them that they, too, can share in the richness and blessings of our Nation's economic strength.

I thank the Chair and ask unanimous consent that the entire texts of my bills be printed in the RECORD.

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

S. 1023

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Advanced Technology and Emergency Assistance Act of 1989".

SEC. 2. TARGETING INVESTMENTS BY ELECTRIFICATION BORROWERS.

Section 312 of the Rural Electrification Act of 1936 (7 U.S.C. 940b) is amended—

(1) by inserting "(a) IN GENERAL.—" before "A borrower"; and

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

"(b) TARGETING INVESTMENTS.—Amounts intended to be invested by a borrower under subsection (a) shall be invested in—

"(1) new businesses, business development centers, community development corporations, business investment corporations, business, medical or education related telecommunications or infrastructure improvements, or any related activities including technical assistance programs in rural areas; or

"(2) other community, business or economic development projects or investments.".

SEC. 3. PROVIDING ASSISTANCE THROUGH LOCAL GOVERNMENTS AND NONPROFIT PRIVATE CORPORATIONS.

Section 306(a)(11) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)) is amended—

(1) by inserting after "may select" the following: ", or to private nonprofit development corporations approved by the Secretary,"; and

(2) by adding at the end thereof the following new sentence: "To the extent that private nonprofit development corporations receive grants under this paragraph, such corporations shall coordinate their efforts to provide services or assistance with such grants with local, regional, and State governments as appropriate.".

SEC. 4. RURAL TECHNOLOGY ASSISTANCE GRANTS.

Section 306(a)(11) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)) (as amended by section 3) is further amended—

(1) by inserting "(A)" after "(11)"; and

(2) by adding at the end thereof the following new subparagraphs:

"(B)(i) the Secretary shall make grants to States, counties, towns, regional organizations, community development corporations, or like entities, for the purposes described in clause (ii).

"(ii)(I) Grants made under this subparagraph shall be used to—

"(aa) promote the use of advanced telecommunications, related advanced technologies, and computers by the recipients of such grants in rural areas;

"(bb) assist in the creation of new rural businesses or the expansion of existing rural businesses through the provision of telecommunication and computer technology, technical assistance, and business planning to such businesses; and

"(cc) otherwise promote the purposes of this Act.

"(II) Funds appropriated under this subparagraph may not be used for—

"(aa) political activities; or

"(bb) any activities, the effect of which is to relocate existing jobs and businesses.

"(iii) Grants may be made under this subparagraph only for a project intended to benefit a rural area.

"(iv) To receive a grant under this subparagraph an entity of the type described in clause (i) shall submit an application to the Secretary at such time, in such form, and containing such information as the Secretary may require.

"(v) There are authorized to be appropriated to carry out this subparagraph $5,000,000 for each fiscal year.".

SEC. 5. RURAL EMERGENCY ASSISTANCE LOANS.

Section 306(a)(11) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)) (as amended by sections 3 and 4), is further amended by adding at the end thereof the following new subparagraph:

"(C)(i) The Secretary shall establish and implement a program to make loans for the benefit of any town or city that—

"(I) has a population of less than 20,000 individuals within its outer boundaries; and

"(II) is financially unable to obtain funds as quickly as needed to correct emergency conditions or situations needing urgent attention.

"(ii) The Secretary shall promulgate regulations—

"(I) targeting the program established under this subparagraph towards needy communities in rural areas;

"(II) setting forth a definition of 'emergency conditions or situations needing urgent attention'; and

"(III) requiring that the Secretary approve or reject applications within 30 days of their receipt.

"(iii) The Secretary shall limit the amount of loans provided to the same borrower under this subparagraph to $50,000, and the term of such loans shall not exceed 2 years.

"(iv) The Secretary may respond to the credit needs of rural towns or cities eligible to participate in the program authorized under this subparagraph by making loans that are eligible for refinancing after the expiration of the 2-year period described in clause (iii), and payments under such loans may be set at a level that is at a sufficiently low level during such 2-year period so that the financially troubled town or city can participate in the program established under this subparagraph. The Secretary shall assist such borrowers in obtaining financing through existing Farmers Home Administration programs so that such borrowers are able to pay the balance due on each loan at the end of such 2-year period.

"(v) There are authorized to be appropriated $2,500,000 for fiscal year 1990, and $5,000,000 for fiscal year 1991 and for each subsequent fiscal year, to carry out the emergency lending program authorized by the program established under this subparagraph.".

SEC. 6. ASSISTING DISTRESSED RURAL HOSPITALS AND HEALTH CARE FACILITIES.

The Secretary of Agriculture shall establish and implement a program that is similar to the program established under section 353 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001), except that the debt restructuring and loan servicing procedures shall apply to delinquent community facility program loans (rather than delinquent farmer program loans) made by the Farmers Home Administration to a hospital or health care facility under section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 306(a)). Not later than 120 days after the date of the enactment of this Act, the Secretary of Agriculture shall promulgate regulations, as modeled after those promulgated under such section 353, that implement the program established under this section.

S. 1024

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Monitoring and Assistance Act of 1989".

SEC. 2. RURAL DEVELOPMENT ASSISTANCE INFORMATION AND AVAILABILITY.

The Rural Development Act of 1972 (7 U.S.C. 2651 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 509. NEED AND AVAILABILITY OF RURAL DEVELOPMENT ASSISTANCE.

"(a) ESTABLISHMENT OF PROGRAM.—Not later than 180 days after the date of enactment of this section, the Secretary shall establish a program to study economically distressed counties in a variety of states that have high concentrations of nonmetropolitan counties with low per capita income.

"(b) EVALUATION.—When conducting a study of counties under subsection (a), the Secretary shall evaluate the need of such counties for rural development assistance, the nature of the assistance needed, and the availability of such assistance.

"(c) REPORT.—Not later than September 30, of each of the fiscal years 1990 through 1993, the Secretary shall prepare and submit, to the Committee on Agriculture of the House of Representatives and the Committe on Agriculture, Nutrition, and Forestry of the Senate, a report that contains the results of the studies and evaluations conducted under this section and on any action taken by the Secretary to improve economic conditions in rural counties.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.".

SEC. 3. REPORT ON COORDINATION OF RURAL DEVELOPMENT ACTIVITIES.

Not later than September 1, 1989, the Secretary of Agriculture shall prepare and submit, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report that contains the recommendations of the Secretary concerning better coordination of the rural development activities of the Farmers Home Administration, the Forest Service, the Soil Conservation Service, the Agricultural Research Service, the Agricultural Stabilization and Conservation Service, the Rural Electrification Administration, the Extension Service and the Office of Transportation.●

By Mr. KERRY:

S. 1025. A bill to authorize appropriations to carry out the Magnuson Fishery Conservation and Management Act for fiscal years 1990, 1991, and 1992, and for other purposes; to the Committee on Commerce, Science, and Transportation.

AUTHORIZING APPROPRIATIONS FOR THE MAGNUSON FISHERY CONSERVATION AND MANAGEMENT ACT

● Mr. KERRY. Mr. President I rise to introduce legislation to reauthorize the Magnuson Fishery Conservation and Management Act. This law is the main law that governs our U.S. fisheries.

In 1976 Congress created the Magnuson Act to conserve and manage our fishery resources which had become depleted by over fishing—primarily, the result of increase in catch by foreign vessels off the U.S. coasts. Under the act, the United States claimed exclusive management authority over fish stocks and other living marine resources, except the highly migratory tuna found within the 200 mile zone. In addition to establishing this exclusive economic zone [EEZ], the act created eight Regional Fishery Councils that are responsible for the fishery resources in their region.

Since its enactment, the Magnuson Act has had measurable success in restoring various fish stocks, and the U.S. fishing industry has grown as foreign fleets have been displaced.

None the less, our fisheries and coastal areas are in tough shape. Mr. President, I want to sound the environmental alarm regarding the state of U.S. fisheries and our coastal resources. And I want to highlight the low priority that the administration's budget has demonstrated with regard to saving these critical resources. Our coastal resources are heading toward disaster. Pollution is fouling our estuaries and bays, beaches have become a dumping ground for plastic pollution and medical waste, our shores are slowly eroding and with the potential of sea level rise from expected global warming, shores and wetlands will be further threatened. Fishery stocks are declining, and shell fish beds are facing increasing closures.

The National Oceanic and Atmospheric Administration is the agency in charge of these issues. But their budget is totally inadequate. The Bush budget cuts overall NOAA funding by 21 percent. That translates into a $231 million cut this year.

With regard to the Magnuson Act, though appropriations for fiscal year 1989 totaled $72 million, only $56 million is in the administration's request for fiscal year 1990—a 22-percent cut. The Bush budget calls for a 46 percent cut in the National Marine Fisheries Service.

At a time when certain fishery activities need an increase to continue

the progress we've made under the Magnuson Act, the administration proposes a substantial decrease. The Bush request for funds to improve fishery data collection and analysis has been cut by 24 percent; and conservation and management funding has been cut 26 percent. One has to wonder, is this the President who claims to be a friend to the Maine lobsterman? Frankly we cannot hope to manage our fisheries under the Magnuson Act or any other system without adequate funding.

One part of this problem that this legislation addresses is the declining stocks throughout the U.S. fishery. In particular the declining stocks in the North Atlantic fishery. In New England ground fish stocks are down. Cod, haddock, yellow tail, and pollock have reached historically low levels. With the increase in our domestic fishing effort and new and improved fishing technologies and unfortunately certain bad fisherman who continue to fish illegally, Georges Bank and the Gulf of Maine are basically getting fished out.

This brings to mind several thoughts and questions during our reauthorization process. It is clear that we need to increase our fishery enforcement. And we must question whether the management of our resources is adequate. It is also imperative that we increase research activities for data collection and analysis. And what about aquaculture? If our natural stocks are declining should we start to invest in fish farming? Think about the money that this Nation currently puts into agricultural research and farm schools to support our grain belt and cattle industry. With fish becoming more popular among consumers not to mention its health benefits, maybe it's time to seriously invest in this industry.

It's easy to understand why our fisherman are over harvesting ground fish particularly in New England. That's where the market exists. America demands cod and haddock. Perhaps it is time to alter the market and change our strategies. Today the scallop, mackeral, herring, and squid stocks are all in fine shape and are tasty sea food too. Perhaps it's time to expand America's sea food palate through education and marketing strategies.

Mr. President, the legislation that I am introducing today is a starting point in a lengthy reauthorization process. I have included changes that the Regional Councils believe are necessary and the bill being introduced today addresses the shortage of fishery enforcement and the need for more research. There are other issues which still must be considered and will be in the future. These include, the damage to fishery resources in the North Pacific caused by the foreign driftnet fleet, the question of limited entry, the issue of highly migratory species being covered under the act, as well as many other important issues. I look forward to taking up these and other issues as they unfold during the reauthorization process and am pleased to begin the reauthorization process with the introduction of this legislation.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1025

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (d) of section 201 of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1821) is amended to read as follows:

"(d) TOTAL ALLOWABLE LEVEL OF FOREIGN FISHING.—The total allowable level of foreign fishing, if any, with respect to any fishery subject to the exclusive fishery management authority of the United States, shall be that portion of the optimum yield of such fishery which will not be harvested by vessels of the United States, as determined in accordance with the provisions of this Act.".

SEC. 2. (a) Section 302(a) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1852(a)) is amended in each of paragraphs (1), (2), (3), (4), (5), (6), and (8) by striking "appointed from each" and inserting in lieu thereof "appointed to an obligatory seat for each".

(b) The first sentence of section 302(b)(2)(B) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1852(b)(2)(B)) is amended by inserting, immediately before the period at the end of the first sentence, the following: ", except that the Secretary shall appoint a member to fill an obligatory seat on a Council only from a list submitted by the Governor of the State for which the obligatory seat is reserved".

SEC. 3. Section 302(d) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1852(d)) is amended by inserting "and Council staff members" immediately after "other nonvoting members".

SEC. 4. Section 302(j)(3) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1852(j)(3)) is amended—

(1) by striking the semicolon at the end of subparagraph (A)(ii) and inserting in lieu thereof a period;

(2) by striking "and if any meeting or portion" and all that follows; and

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

"(B) If any meeting or portion is closed, the Council concerned shall inform local newspapers in the major fishing ports within its region (and in other major, affected fishing ports), including the time and place of the meeting. Brief closures of meetings in order to discuss employment matters or other internal administrative matters need not be published. Subparagraphs (D) and (F) of paragraph (2) shall not apply to any meeting or portion thereof that is closed pursuant to subparagraph (A).".

SEC. 5. Section 307(1) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1857(1)) is amended—

(1) by striking "or" at the end of subparagraph (H);

(2) by striking the period at the end of subparagraph (I) and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof the following new subparagraph:

"(J) to forcibly assault, resist, oppose, impede, intimidate, or interfere with any observer (including any supplementary observer) on board a vessel pursuant to this Act;".

SEC. 6. (a) Section 308(a) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1858(a)) is amended by striking "$25,000" in the second sentence and inserting in lieu thereof "$100,000".

SEC. 7. (a) Section 309(a)(1) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1859(a)(1)) is amended by inserting "or (J)" immediately after "(I)".

(b) Section 309(b) is amended—

(1) by striking "$50,000" and inserting in lieu thereof "100,000";

(2) by striking "$100,000" each place it appears and inserting in lieu thereof "$200,000";

(3) by inserting "any observer described in section 307(1)(J) or" immediately after "injury to"; and

(4) by inserting "observer or" immediately before "officer in fear".

SEC. 8. Section 311(e) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1861(e)) is amended—

(1) in paragraph (1), by striking "and" at the end;

(2) in paragraph (2), by striking the period at the end and inserting in lieu thereof a semicolon;

(3) by inserting immediately after paragraph (2) the following new paragraphs:

"(3) claims of parties in interest to property disposed of under 19 U.S.C. 1612(b), as made applicable by section 310(c) to seizures under this Act, in the amounts determined by the Secretary as applicable to such claims at the time of seizure; and

"(4) reimbursement to any Federal or State agency, at the discretion of the Secretary, for services performed, or personnel, equipment, or facilities utilized, under any agreement with the Secretary entered into pursuant to subsection (a) of this section.".

SEC. 9. Section 406 of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1882) is amended by adding at the end the following new paragraphs:

"(16) $81,000,000 for the fiscal year ending September 30, 1990, of which $6,500,000 shall be used for enforcement and $5,000,000 shall be used to increase research and assessment efforts.

"(17) $85,000,000 for the fiscal year ending September 30, 1991.

"(18) $89,000,000 for the fiscal year ending September 30, 1992.".●

By Mr. MOYNIHAN:

S. 1026. A bill to prevent abuses of the HUD Section 8 Moderate Rehabilitation Program; to the Committee on Banking, Housing, and Urban Affairs.

PREVENTING ABUSES OF THE HUD SECTION 8 MODERATE REHABILITATION PROGRAM

● Mr. MOYNIHAN. Mr. President, I rise to introduce legislation to prevent a recurrence of the lack of competition in HUD's Section 8 Moderate Rehabilitation Program, and to improve the program's operation. The shortage of affordable housing in this country does not come as news to any of us. The supply is decreasing, the need is

increasing, and Federal funding has been cut some 70 percent in recent years.

But it certainly came as news that funds from the section 8 program were flowing so freely to the developers, and that former Federal officials were receiving exorbitant fees to simplify that process. Some of these consultants admittedly knew little or nothing about the program, yet they received hundreds of thousands of dollars to lend their support to certain projects, perhaps in a single phone call.

This became possible because the competitive award process had become an afterthought. Deserving applicants were losing out to those who could afford the most influence, at the ultimate expense of low-income families across the country. Such abuses must not recur. We must maximize the use of the few remaining resources for improving low-income housing, and ensure that they are allocated fairly and judiciously.

This bill directs that the established regulations for a competitive award process be followed, even if the funds are awarded without regard to regional allocations. Such allocations became impractical when the program was greatly diminished in the mid-1980's, and the number of units per locality became so small that constructing them became impractical. HUD officials used the absence of regional allocations to make awards at their discretion.

The bill also directs the Secretary of Housing and Urban Development to ensure that the use of the low-income tax credit in a project also being financed under the section 8 program is consistent with the goal of maximizing the production of low-income housing. In some cases developers received more assistance than necessary from the Federal Government for the continuing operation of a project by using both programs. As a result, HUD's subsidies were higher than necessary and potentially took funds from other projects.

The bill also calls for a vigorous attempt to recover excessive payments caused by incorrect calculations of contract rents and annual updating of the handbook containing instructions and guidance for field staff in administering the program. The latter had not been done regularly.

Mr. President, the Mod Rehab Program is a valuable means of building and renovating housing for low-income people. With the proper procedures in place and proper oversight, it will continue to help combat the housing crisis. I ask my colleagues for their support.●

Mr. HARKIN (for himself, Mr. LEAHY, and Mr. CONRAD):

S. 1027. A bill to enhance the role of the Rural Electrification Administration in rural development and in small community water and sewer improvements, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

RURAL ELECTRIFICATION ADMINISTRATION ACT AMENDMENTS OF 1989

● Mr. HARKIN. Mr. President, I am pleased to introduce today along with Senators LEAHY and CONRAD legislation to improve rural water and sewer systems and put economic development on an equal footing within the Rural Electrification Administration with that agency's rural electrification and telephone efforts.

Over the years the REA and the local rural electric cooperatives and local telephone cooperatives and companies have done an outstanding job of promoting rural development. I remember looking at some of the debates that went on when the Rural Electrification Act was considered and passed. Opponents of that legislation argued that if rural electrification would not pay well enough to attract private investment, then farm families, small towns, and rural communities should go without electricity. Well, the Rural Electrification Act passed and farmers and rural citizens moved ahead, stringing the wire in many cases themselves, to bring electricity to the farthest reaches of our country. As a result of this electrification effort we built in this country the most productive agricultural system in the world and vastly improved the quality of life for residents of our small towns and rural communities.

The structure of the REA and the local borrower electric and telephone cooperatives and companies offer an opportunity to address one of the most pressing infrastructure problems facing rural America today: The lack of adequate amounts of quality water and adequate waste treatment facilities in many communities. In addition, the REA electric and telephone system can play an important role in general rural economic development efforts.

The legislation I am introducing today will amend the Rural Electrification Act of 1936 to create a new position in the REA of Assistant Administrator for Economic Development to carry out programs of the REA regarding involvement of rural electric and telephone systems in community and economic development. This new position will be on an equal footing with the Assistant Administrator for Electric and the Assistant Administrator for Telephone in the REA, and will involve responsibility for administration of the programs of the REA that are not directly related to providing electric or telephone service.

The legislation will also create a technical assistance unit within REA to provide advice and guidance to local electric and telephone cooperatives regarding community and economic development activities that they may choose to undertake.

Under this legislation, the Administrator of the REA will be authorized to make loans to local electric cooperatives and local telephone cooperatives and companies to enable them to provide water and waste facilities in their service areas. REA may make up to $40 million in such loans each year, but no more than 10 percent of the total amount of loans authorized for electrification and telephone purposes in the year.

This new authority for REA will supplement the programs now available through the Farmers Home Administration for water and sewer facility grants and loans. In administering this new authority, the Administrator of REA will consult and coordinate with FmHA. REA will give priority in making loans based on considering a number of factors, including the need for water and waste disposal facilities, income and employment in the area and the benefits such facilities would have on economic development.

The bill also will leverage Federal funds by requiring the use of private sector funds to supplement REA funds when such private sector funds can be obtained at rates affordable to the borrower, and provides for adjustment of REA interest rates to enable borrowers to obtain private financing.

Mr. President, this legislation will help meet the great need in our rural communities for water and sewer facilities, and give REA and its borrower electric and telephone companies and cooperatives a new role in rural economic development. I hope that this important legislation will soon be enacted.●

By Mr. BOREN (for himself, Mr. LEAHY, Mr. PRYOR, and Mr. CONRAD):

S. 1028, A bill to amend the Consolidated Farm and Rural Development Act to establish Farmers Home Administration loan rates for health care facilities based on the average per capita income of the area to be served, to increase water facility grant authorization levels, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

HEALTH CARE AND WATER SYSTEM IMPROVEMENT AMENDMENTS.

● Mr. BOREN. Mr. President, on behalf of myself and my colleagues Senators LEAHY, PRYOR, and CONRAD, I am introducing the Health Care and Water Systems Improvement Amendments of 1989. This bill is primarily intended to help address very serious problems that exist in our rural areas without creating several new Government programs. The bill would allow existing Farmers Home Administration programs to better serve our rural

citizens and meet their needs for quality water and waste facilities and for improved health care services. Rural community leaders and economic development councils in Oklahoma have pointed out several problem areas that need to be addressed. However, water and waste facilities and health care stand out as two of the most critical. My colleagues and I believe this legislation can immediately address these problems and can provide an important first step in a long-term effort to improve the quality of life in our rural areas. The bill consists of three main parts.

First, this bill simply raises the authorization level for FmHA water and waste facility grants. This is an existing grant program that provides funds for repairs, replacement, and maintenance of small water system facilities. Our small systems are familiar with this program and have demonstrated the need for additional funds for the improvement of the rural infrastructure.

Second, the bill would require the Secretary of Agriculture to establish interest rates for health care and other community facilities in accordance with the income of the area served. Therefore, health care facilities in low-income rural areas would be able to refinance their FmHA loans at lower interest rates. This reduction of interest rates could mean the difference between closing and continued operation for some rural hospitals and clinics. Certain other facilities, such as fire stations or community centers, could also take advantage of the lower interest rates.

Third, the bill would establish a national rural waste water circuit rider program similar to the existing Rural Water Circuit Rider Program. This program would provide funds for waste water technicians that can travel over an entire State to assist small waste water systems. The current rural water circuit rider program has been quite successful at using this method of distributing assistance to small drinking water systems. Similarly, the waste water circuit rider demonstration program has successfully shown that this method can also be used to help small waste water systems improve their management, efficiency, and environmental quality.

Mr. President, I hope my colleagues agree that this is a very practical way to help rural areas and small communities; I urge them to promptly consider this legislation. I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1028

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Health Care and Water System Improvement Amendments of 1989".

SEC. 2. WATER AND WASTE FACILITY GRANTS.

Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended by striking out "$154,900,000" and inserting in lieu thereof "$204,900,000".

SEC. 3. LOANS RATES APPLICABLE TO HEALTH CARE AND RELATED FACILITIES.

Section 307(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)) is amended by adding at the end thereof the following new subparagraph:

"(C) Notwithstanding the provisions of subparagraph (A), the Secretary shall establish loan rates for health care and related facilities that shall be based solely on the income of the area to be served, and such rates should be otherwise consistent with the provisions of such subparagraph.".

SEC. 4. RURAL WASTE WATER TREATMENT CIRCUIT RIDER GRANT PROGRAM.

(a) ESTABLISHMENT.—The Administrator of the Farmers Home Administration shall establish a national rural waste water circuit rider grant program that shall be modeled after the existing National Rural Water Association rural waster circuit rider program that receives funding from the Farmers Home Administration.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $4,000,000 each fiscal year to carry out the program established under subsection (a).●

By Mr. BAUCUS (for himself and Mr. LEAHY):

S. 1029. A bill to establish a nationwide business "incubator" program to be administered by the Rural Electrification Administration, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

RURAL BUSINESS ASSISTANCE ACT

● Mr. BAUCUS. Mr. President, today I am introducing the third in a series of bills to help rural America get back on its feet.

I have spoken at length in the past about the basic tools I believe are necessary to help rural areas compete in today's world economy.

One of those tools is access to state-of-the-art telecommunications services. On April 11, I introduced legislation, S. 759, the Rural Access to Telecommunications Services Act of 1989, to bring this tool to rural areas. Under my legislation, rural businesses, hospitals, and schools will all have access to telecommunications services equal to those currently available in urban areas.

Another essential tool is access to capital for businesses that want to locate or expand in rural areas. Many of these businesses, because of their location, are considered by banks to be more risky than others and have found it next to impossible to secure adequate financing. On April 19, I introduced legislation to address this problem. My legislation, S. 863, the Rural Access to Capital Act of 1989, will establish a public/private partnership revolving loan fund at the SBA to make capital more readily available to rural businesses.

The legislation I am introducing today will provide another important tool to rural businesses: Access to a business "incubator" program to be administered through the Rural Electrification Administration [REA]. This legislation will establish a $10 million revolving loan rural business incubation fund at the REA to be used to make grants and low interest loans available to REA borrowers for the purpose of developing business incubators.

The incubators will provide technical assistance, advice, loans, or capital to business incubation programs already in existence; or to create and operate new ones. The purpose of this provision is to establish a common facility from which small businesses can operate while sharing facilities, equipment, machinery, telecommunications devices, computers, support staff, overhead costs, or janitorial services with other small businesses. This program could cut down on a substantial amount of the overhead costs associated with operating a small business in rural areas.

Once again, I look forward to working with my colleagues to develop a comprehensive approach to facilitate revitalizing rural areas.

Mr. President, I ask unanimous consent that the full text of the bill be printed in the RECORD.

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

S. 1029

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Business Assistance Act of 1989".

SEC. 2. RURAL ECONOMIC DEVELOPMENT.

The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end thereof the following new title:

"TITLE V—RURAL ECONOMIC DEVELOPMENT

"SEC. 501. ADDITIONAL POWERS AND DUTIES OF REA ADMINISTRATOR.

"The Administrator of the Rural Electrification Administration shall—

"(1) provide advice and guidance to electric and telephone borrowers under this Act concerning the effective and prudent use by such borrowers of the investment authority under section 312 to promote rural development;

"(2) provide technical advice, troubleshooting, and guidance concerning the operation of programs or systems that receive assistance under this Act;

"(3) establish and administer various pilot projects through electric and telephone borrowers that the Administrator determines are useful or necessary, and recommend specific rural development projects for rural areas;

"(4) act as an information clearinghouse and conduit to provide information to electric and telephone borrowers under this Act

concerning useful and effective rural development efforts that such borrowers may wish to apply in their areas of operation and concerning State, regional, or local plans for long-term rural economic development;

"(5) provide information to electric and telephone borrowers under this Act concerning the eligibility of such borrowers to apply for financial assistance, loans, or grants from other Federal agencies and non-Federal sources to enable such borrowers to expand their rural development efforts;

"(6) promote local partnerships and other coordination between borrowers under this Act and community organizations, States, counties, or other entities, to improve rural development; and

"(7) administer a Rural Business Incubation Fund (as established under section 502) that shall provide technical assistance, advice, loans, or capital to business incubation programs or for the creation and operation of business incubation programs and small business incubators in rural areas, designed to provide a common facility from which small businesses can operate while sharing facilities, equipment, machinery, telecommunications devices, computers, support staff, overhead costs, or janitorial services with other small businesses.

"SEC. 502. RURAL BUSINESS INCUBATION FUND.

"(a) ESTABLISHMENT AND USE.—

"(1) ESTABLISHMENT.—There is established in the Treasury of the United States a revolving fund to be known as the Rural Business Incubation Fund (hereinafter referred to in this title as the 'Incubation Fund') to be administered by the Administrator.

"(2) USE.—The Incubation Fund shall be used to make grants and reduced interest loans to electric and telephone borrowers under this Act to promote business incubation programs or for the creation or operation of business incubators in rural areas by such borrowers, and the rate of such loans shall not exceed the standard rate as provided in section 305.

"(3) BUSINESS INCUBATION.—Business incubators that receive assistance under this title shall be a facility in which small businesses can share premises, support staff, computer equipment, telecommunications terminal equipment, machinery, janitorial services, utilities, or other overhead expenses, and where such businesses can receive technical assistance, financial advice, business planning services or other support. Business incubation programs that provide assistance of the type described in this paragraph shall be eligible for assistance under this title even where such program does not involve the sharing of premises.

"(b) APPLICATION FOR ASSISTANCE—

"(1) ELIGIBILITY TO SUBMIT.—Borrowers under this Act that operate existing business incubators or that desire to operate such incubators or business incubation programs, and that meet the requirements established by the Administrator for obtaining grants or reduced interest loans under this section, may submit applications at such time, in such form, and containing such information as the Administrator shall require, for such grants or loans.

"(2) REQUIREMENTS.—Applications submitted under paragraph (1) shall, at a minimum—

"(A) contain an assurance that any incubator established or operated to this section will be operated on a not-for-profit basis; and

"(B) contain an assurance that it will be the policy of such incubator to encourage and assist businesses in graduating from the incubator and becoming a viable business entity in the community and to inform participating businesses of this policy;

"(3) REVIEW.—In reviewing applications for assistance, the Administrator shall consider—

"(A) how effectively the incubation project will assist in the formation, growth, or improved efficiency of small businesses that will help diversify and develop the local economy; and

"(B) the amount of local support likely to exist for the incubator and the businesses to be assisted by such incubator, taking into account local contributions of business, financial, technical, technological or managerial expertise, and contributions of equipment or materials, local financial assistance, and other factors as determined appropriate by the Administrator.

"(c) FUNDING OF LOCAL INCUBATORS.—

"(1) BY BUSINESSES UTILIZING INCUBATOR.—

"(A) IN GENERAL.—Business incubators that receive assistance under this section shall, to the extent practicable and except as provided by the Administrator, require that each business entity that utilizes such incubator share, on a percentage or other basis, as determined by the Administrator, a portion of the benefit of any growth in profits, net worth, or other measure of income or growth that results during or because of such entity's entry into the incubator.

"(B) CONTRIBUTION TO INCUBATOR FUND.—At such time as the business incubator receives revenues from the business entity as provided under subparagraph (A), such incubator shall pay an amount equal to 50 percent of such revenue to the Incubator Fund established under subsection (a).

"(C) FLEXIBILITY.—In administering the requirement of this paragraph, the Administrator shall provide substantial flexibility and assistance to incubators in order to ensure that a proper balance is achieved between—

"(i) the objective that a business that benefits from an incubator should return a small portion of such benefit to the incubator for use in assisting other businesses and to the Incubator Fund established under subsection (a); and

"(ii) the requirement that such payments by a business not impose an undue burden nor interfere with the purposes of this section.

"(2) BY BORROWER ESTABLISHING INCUBATOR.—

"(A) IN GENERAL.—A borrower that establishes or assists a business incubator under this section shall purchase Capital Term Certificates issued by the Incubator Fund in amounts equal to 10 percent of the amount of the grant, or 5 percent of the amount of the reduced interest loan, provided by the Administrator under this section.

"(B) REDEMPTION OF CERTIFICATES.—Each calendar year for the 10-year period beginning on the date that a grant or reduced interest loan is provided under this section, the Administrator shall redeem an amount equal to 10 percent of the Capital Term Certificates purchased by the borrower under subparagraph (A), without any payment of interest.

"(3) BY THE SECRETARY OF THE TREASURY—

"(A) IN GENERAL.—Not later than October 1, of each fiscal year, the Secretary of the Treasury shall purchase Capital Term Certificates issued by the Incubator Fund in the amount of $10,000,000.

"(B) TERMINATION OF OBLIGATION.—The Secretary of the Treasury shall not be obligated to make any payments under subparagraph (A) to the Incubator Fund after October 1, 1995.

"(C) REDEMPTION OF CERTIFICATES.—Each calendar year for the 10-year period beginning on January 1, 2000, the Administrator shall redeem an amount equal to 10 percent of the Capital Term Certificates purchased by the Secretary under subparagraph (A), without any payment of interest.

"(d) REPAYMENTS TO INCUBATION FUND.—All payments made on loans under this section, and all amounts provided under subsection (c), shall be placed in the Incubator Fund established by subsection (a) and shall be available to carry out the purposes of this section.

"(e) FULL USE.—The Administrator shall undertake all reasonable efforts to make full use, during each fiscal year, of any funds contained in the Incubator Fund established under subsection (a), consistent with the requirement that the Incubator Fund redeem Capital Term Certificates as provided by subsection (c).".●

By Mr. DOMENICI:

S. 1031. A bill to establish an Engineering Extension Service as a mission of the Energy Extension Service to enable entrepreneurs to receive engineering information vital to such businesses, and for other purposes; to the Committee on Energy and Natural Resources.

NATIONAL ENERGY EXTENSION SERVICE AMENDMENTS ACT

● Mr. DOMENICI. Mr. President, I send to the desk a bill that I believe offers an important contribution to assist small and struggling businesses to make it in the world marketplace.

This bill, the National Engineering Extension Service Amendments Act of 1989, will create a national engineering outreach service, one that would work rather like the exceedingly successful Agricultural Extension Service.

This legislation would establish at an engineering school in each State—or a similar organization—an engineering extension service to help small, incubator companies with the advice they need to convert good ideas into successful product lines.

I believe every Member of this body knows how very difficult it is for many small, struggling companies to take their high technology ideas and inventions and move those developments onto the production line.

Yet America's survival in this great and competitive industrial world we have created will depend to a great extent on the ability of small, innovative companies to make that transition, to take the gleam in the eye of a savvy inventor and turn that gleam into a usable product.

Dr. L.H. Lattman, president of New Mexico Institute of Mining and Technology, is a strong believer in the concept I have included within this bill. And I believe that he stated the case for this legislation very accurately in a recent paper:

While the Engineering Extension Service concept certainly will not solve all problems,

I believe it will contribute very significantly to economic development . . . in the area of manufacturing and most especially in manufacturing based on frontier technology.

That is what this bill is all about. Specifically, the bill would create a new subtitle B in title 5 of Public Law 95-39, the Energy Research and Development Administration Appropriation Authorization.

This new subtitle, which I have termed the "Engineering Extension Service Act of 1989," establishes within the Department of Energy a new office, the Engineering Extension Service, which would serve as the Federal Government's link with engineering extension service offices that would be established in each State.

Those State offices, which would be created by each Governor within an entity in the State, probably a university with an engineering school, would maintain a list of available experts within the State to assist fledgling businesses. Some of these experts might be on the university faculty. Others might be retired engineers. Still others might be existing engineering firms that wish to participate, or work at our system of national laboratories.

Each Governor would be required to submit a plan for such an EES, which would develop and maintain a data base of engineering and scientific experts.

These experts would be available, at a fee—an affordable fee—to small businesses in the State.

Mr. President, earlier this year, I participated in an economic development tour of three States with the Governor of New Mexico and a number of members of the New Mexico Legislature.

One of the most exciting things that we saw was the work of the engineering extension service operated by North Carolina State University, a service that in its most recent year aided 14,000 firms and individuals in North Carolina. North Carolina is way ahead of most of us. It initiated such a system as long ago as 1955, and now offers to "help industry and engineers to move aggressively and beneficially utilize new technologies."

I am convinced that the program North Carolina has developed needs to be encouraged in all States; that is what this bill accomplishes.

My bill calls for a Federal commitment of $10 million in the current fiscal year, with that money to be allocated among the States on a basis of each State's small business receipts, with each State guaranteed a minimum of one-half of 1 percent of the Federal pool.

The Federal funds would have to be matched by the State or the participating non-Federal organization, so that means each State is guaranteed close to $50,000 in Federal assistance.

My bill also creates a National Engineering Extension Service Advisory Board to assist in the implementation and evaluation of the program.

Mr. President, this is a sound concept, one that will help our small businesses become more competitive in America and in the world. I hope my colleagues will study it carefully, and give it their enthusiastic support. This is a bill that is good for America.

The bill I am introducing today does not propose to reform the Energy Extension Service but expand it. Several other bills have been introduced dealing with the Energy Extension Service. In particular, Senator WIRTH has introduced S. 324. Title V of that bill deals with the Energy Extension Service as it relates to global warming. I look forward to working with Senator WIRTH and other committee members as we discuss new roles for the Energy Extension Service.

I ask unanimous consent that a copy of the bill be printed at this point in the RECORD.

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

S. 1031

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress Assembled, That this Act may be cited as the "National Energy Extension Service Amendments Act of 1989".

SEC. 2. FINDINGS.

The Congress finds that—

(1) it is in the interest of the United States to foster commercialization of evolving engineering concepts and technologies;

(2) such commercialization usually requires extensive engineering design and development efforts, manufacturing engineering, and accurate cost estimation not commonly available to small or start-up businesses;

(3) persons having such engineering skills and experience may be comparatively unknown to a small or start-up business or difficult to locate, in any particular area;

(4) a considerable pool of expert, active, and retired persons with the needed expertise and skills is available in the United States;

(5) the success or failure of initial manufacturing efforts depends upon the engineering expertise and skills which often are too expensive for a small or start-up business to maintain in-house; and

(6) the latest technological and manufacturing advances must be made available to companies in the United States on a timely basis to maintain the competitiveness of such businesses in the international market.

SEC. 3. AMENDMENTS TO PUBLIC LAW 95-39.

(a) Redesignate Title V of Public Law 95-39 as "TITLE V—ENERGY AND ENGINEERING EXTENSION SERVICES" and redesignate sections 501 through 513 thereof as "Subtitle A—Energy Extension Service", and add at the end thereof the following new subtitle B:

"Subtitle B—Engineering Extension Service

"SHORT TITLE

"SEC. 521. This subtitle may be cited as the 'Engineering Extension Service Act of 1989'.

"PURPOSES

"SEC. 522. The purposes of this subtitle are to—

"(1) establish a positive engineering outreach program to aid small and start-up businesses;

"(2) foster a broader application of engineering principles and techniques to product development, manufacturing, and commercial production by small and start-up businesses; and

"(3) assist small and start-up businesses in dealing with Federal government on related engineering matters.

"ESTABLISHMENT OF SERVICE

"SEC. 523. (a) There is hereby established an Engineering Extension Service within the Department of Energy to engage in a program of engineering extension service work.

"(b) The duties and responsibilities of the Director of the Energy Extension Service pursuant to subtitle A are hereby expanded to include the program and activities of the Engineering Extension Service authorized and conducted pursuant to this subtitle.

"DESCRIPTION OF ENGINEERING EXTENSION SERVICE

"SEC. 524. The Engineering Extension Service shall develop and implement a comprehensive program to—

"(1) aid small and start-up businesses in discovering useful and practical information relating to manufacturing and commercial production techniques and costs;

"(2) encourage the application of such information in order to solve product development and manufacturing problems;

"(3) establish an Engineering Extension Service program affiliated with an entity in each State, such as an institution of higher education which employs an engineering or science faculty;

"(4) establish and maintain a directory of the names, experience, and expertise of persons, including university faculty and active and retired private consultants, within each State who are available to provide engineering advice and consultation;

"(5) establish and maintain a list of small and start-up commercial and manufacturing businesses in each State;

"(6) coordinate engineers and manufacturers to aid small and start-up businesses in solving specific technical problems and reviewing manufacturing methods to improve their cost-effectiveness;

"(7) assist small and start-up businesses in the drafting of the technical portions of proposals seeking Federal assistance;

"(8) furnish technical information and notes of interest to small and start-up businesses, including, where appropriate, the conduct of seminars; and

"(9) facilitate contract research between university faculty and students and small and start-up businesses, in order to improve product development and independent quality control testing.

"STATE EXTENSION PROGRAMS

"SEC. 525. (a) Within 120 days of enactment of this subtitle, the Secretary shall, pursuant to sections 505, 506, 507 and 508, invite the Governor of each State to submit a plan for the conduct of engineering extension service activities described in section 524.

"(b) The Governor of each state shall designate a central or lead entity within such state to coordinate the Engineering Extension Service programs in that State, in order to eliminate rivalry, duplication of pro-

grams, incomplete coverage, and inefficient fiscal management. Such entity may include an institution of higher education or the entity used to implement energy extension service activities within such State.

"(2) Before designating a central or lead entity under paragraph (1), the Governor of each State shall consider whether such entity also serves as the lead entity for the Energy Extension Service and the Agricultural Extension Service. In the case of an institution of higher education, the Governor shall also consider—

"(A) the quality of the engineering program of such institution; and

"(B) the proximity of the institution to major concentrations of small businesses.

"(c) Each State cooperative engineering extension service shall provide—

"(1) instruction, referrals, and practical demonstrations in commercializing an idea of an entrepreneur, or a technology developed by any of the national laboratories or other sources;

"(2) continual dissemination of information on manufacturing advances to allow companies to maintain a cost-competitive position with manufacturers in foreign nations; and

"(3) programs to carry out the purposes of section 524.

"ENGINEERING DATA BASE

"SEC. 526. (a) Each entity designated under section 525(b) shall develop and maintain a data base of engineering and scientific experts interested in participating in the Engineering Extension Service. Such data base shall, at a minimum, include faculty of institutions of higher education, retired manufacturing experts, and national laboratory personnel.

"(b) The Secretary shall develop a nationwide network to access the data bases of each such participating entity, which shall employ, to the greatest extent feasible, advanced high speed data transmission and communications networks.

"PARTIES RECEIVING ASSISTANCE

"SEC. 527. (a) AVAILABILITY OF SERVICES.—The services provided by the Engineering Extension Service established under this Act shall be available to any small or start-up business.

"(b) FEES.—(1) The Director of the Engineering Extension Service of each State may determine the appropriate amount of fees charged to a recipient party for services offered under this Act, and may collect such fees.

"(2) The Director of the Engineering Extension Service of each State shall charge fees which are affordable to a party eligible for assistance, which shall be determined by examining factors including—

"(A) the costs of the services received;

"(B) the need of the recipient for the services; and

"(C) the ability of the recipient to pay for the services.

"STATE ASSISTANCE

"SEC. 528. (a) AUTHORIZATION.—Subject to the requirements and limitations of sections 205 and 206, the Secretary is authorized, in accordance with the provisions of this subtitle, to make grants to any eligible State to—

"(A) carry out the purposes of this subtitle in such State, and

"(B) to pay the Federal share of the costs of carrying out the purposes of this subtitle in such State.

"(b) ALLOCATION OF FUNDS.—(1) Subject to subsections (c) and (d), funds appropriated for the purposes of this subtitle shall be allocated annually among the eligible States in proportion to the ratio of the aggregate gross receipts of small businesses in a given State and the aggregate gross receipts of all small businesses in all eligible States.

"(2) Notwithstanding paragraph (1), each eligible State receiving funds under this subtitle shall be allocated a minimum of one per centum of the available appropriations for the purposes of this subsection.

"(c) Subject to subsection (e), funds appropriated for the purposes of this subtitle shall be disbursed to each eligible State in equal semiannual payments on the first day of December and June of each year by the Secretary of the Treasury. Such sums shall be paid to the treasurer or to the officer of the State duly authorized by the laws of the State to receive the same.

"(d) LIMITATION.—(1) No disbursement of the Federal share of funds authorized to be appropriated by this subtitle may be made to any State until an equal non-Federal amount for the maintenance of the Engineering Extension Service has been either provided from appropriated funds for that year by the legislature of such State, or from a State, county, or local authority, an institution of higher education, or contributions from individuals within the State.

"(2) The State officer receiving the funds disbursed pursuant to paragraph (1) shall, on or before the first day of November of each year, submit to the Secretary, on the forms prescribed by him, a detailed statement of the amounts received and disbursed during the previous fiscal year.

"(3) If any portion of the funds received by a State in accordance with this subsection is diminished, lost, or misapplied, it shall be replaced by that State. Until it is replaced, no subsequent appropriation shall be allocated or paid to such State.

"(e) CERTIFICATION.—(1) On or before the first day of December in each year, the Secretary shall certify to the Secretary of the Treasury as to allocation under subsection (b) of the annual appropriation to each eligible State for cooperative engineering extension activities under this subtitle.

"(2) If the Secretary withholds such certification from any State, the Secretary shall notify such State and the Secretary of the Treasury of the reasons for withholding the certification. Any amount involved shall be kept separate in the Treasury until the expiration of the Congress immediately following adjournment of the session of the legislature of any State for which a certificate has been withheld.

"(3) A State may appeal to the Secretary, if the Secretary withholds the certification of that State. If the Secretary does not provide such certification by the end of the fiscal year for which the funds were appropriated, such funds shall be returned to the miscellaneous receipts of the Treasury.

"INSTITUTIONS OF HIGHER EDUCATION

"SEC. 529. (a) Before any funds appropriated pursuant to the subtitle may be disbursed to any institution of higher education designated pursuant to section 525(b), the Secretary must approve a fiscal proposal submitted to him by the appropriate officials of such institution.

"(b) On or before the first day of November of each year, the designated institution of higher education of each State shall submit a report of its activities under this subtitle during the previous year, including a detailed statement of receipts and expenditures, to the Secretary and the Secretary of the Treasury.

"LIMITATION

"SEC. 530. No funds provided pursuant to this subtitle, may be used for—

"(1) the purchase, erection, preservation, or mortgage repayment of any building;

"(2) the purchase or rental of land;

"(3) lecturer's fees; or

"(4) any other purpose not specified in this subtitle.

"RECORDS

"SEC. 531. Each State or other entity within a State receiving Federal funds under the subtitle shall be subject to the requirements of section 511.

"ADVISORY BOARD

"SEC. 532. For the purposes of this subtitle, there is hereby established, pursuant to section 509, a National Engineering extension Service Advisory Board with the same membership structure, functions and duties as the National Energy Service Advisory Board.

"REPORT TO CONGRESS

"SEC. 533. The Secretary shall make an annual report to the Congress of the receipts, expenditures, and results of the cooperative engineering extension work in all of the States receiving funds under this Act. Such report shall state whether the allocation of the appropriation of the Federal share to any State has been withheld, and if so, the reasons therefore.

"AUTHORIZATION OF APPROPRIATION

"SEC. 534. (a) There is authorized to be appropriated such funds as may be necessary to carry out the provisions of this subtitle.

"(b) No more than 20 percentum of each annual appropriation may be applied to the printing and distribution of publications.

"DEFINITIONS

"SEC. 535. For the purposes of this subtitle, the term—

"(1) 'institution of higher education' has the same meaning as such term is defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a));

"(2) 'Secretary' means the Secretary of Energy;

"(3) 'small business' means—

"(A) an enterprise that is—

"(i) independently owned and operated;

"(ii) not dominant in a field of operation; and

"(iii) earning annual receipts not in excess of $1,000,000; and

"(B) an enterprise that meets additional criteria established by the Secretary, including—

"(i) the dollar volume business; and

"(ii) the number of employees, which may vary from industry to industry to the extent necessary to reflect differing characteristics of such industries and to take proper account of other relevant factors; and

"(4) 'start-up business' means a small business which has been in existence for 5 years or less.".

(b) OTHER CONFORMING AMENDMENTS.—The term "title" in title v of Public Law 95-39 shall be changed to "subtitle" wherever such term appears in sections 501, 503(c), 512, and 513.●

By Mr. HEINZ (for himself and Mr. HARKIN):

S. 1032. A bill to amend the Agricultural Act of 1949 to establish eligibility requirements for agricultural commodity price support programs with respect to delivery of irrigation water;

to the Committee on Agriculture, Nutrition, and Forestry.

IRRIGATION SUBSIDY REFORM ACT

Mr. HEINZ. Mr. President, I rise today with my colleague from Iowa, Senator HARKIN, to introduce the Irrigation Subsidy Reform Act of 1989. The bill is straightforward: it would prohibit farmers from participating in price and income support programs administered by the Department of Agriculture [USDA] if they receive irrigation water from Federal projects at less than full cost. I am pleased to announce that Representative SAM GEJDENSON of Connecticut is introducing a companion bill in the House of Representatives.

This legislation is designed to reconcile two costly, contradictory Federal policies. On the one hand, a few different Federal agencies—principally the Bureau of Reclamation [BuRec]—spend a great deal of the taxpayer's money to give below-cost water to a few farmers so they can grow more crops. Yet on the other hand, USDA spends even more of the taxpayer's money paying these same farmers not to grow crops. It's time for one of those hands to get out of the taxpayer's pocket.

Today's taxpayers are not the only ones paying the bill. These policies encourage environmentally destructive practices that threaten the water and the land we will pass on to our children.

BUDGETARY IMPACTS OF "DOUBLE-DIPPING"

Mr. President, this bill has signficant budgetary implications. Department of the Interior [DOI] officials estimate that the Bureau of Reclamation serves roughly 10 million acres, or about one-fifth of the Nation's irrigated farmland. They further estimate that 38 percent of BuRec-served land is used in the production of surplus crops in an average year.

The Bureau of Reclamation subsidizes farmers because it sells water at prices that do not recover the Federal Government's full capital, operating, and interest costs. This subsidy is enormous. Interior officials estimate the total irrigation subsidy from 1902 through 1986 at $9.8 billion. They further estimate the annual subsidy at $534.3 million for 1986, $203 million of which (38 percent) may be associated with the production of surplus commodities. I might add here that officials with the Office of Management and Budget [OMB] and the Congressional Budget Office [CBO] dispute Interior's methodology for calculating subsidy values. They argue the total subsidy through 1986 may be as high as $70.3 billion.

USDA officials estimate that farmers served by BuRec water may have received commodity program payments totaling as much as $785 million in 1986. So a select group of farmers received Government outlays and subsidies totaling about $1 billion in 1986.

ENVIRONMENTAL IMPACTS OF IRRIGATION SUBSIDIES

Moreover, current reclamation and irrigation policies actually foster environmental degradation. Increased agricultural activity made possible by reclamation has contributed to a number of serious water supply and quality problems, including the accumulation of salts, trace elements, pesticides, herbicides, and other agricultural chemicals, and contamination of groundwater supplies.

Used irrigation water is heavy salinized. If soil conditions (impermeable clay near the root zone, for instance) prevent deep percolation, such water must be drained. Used irrigation water from just 8,000 acres in the Westlands Water District was conveyed via the San Luis Drain into the Kesterson National Wildlife Refuge until 1983. At that point, the bioaccumulation of the trace element selenium reached toxic levels and caused widespread nesting failures and deformities in Kesterson's waterfowl. The Interior Department was forced to close Kesterson Reservoir because of these environmental harms.

Our ground water resource, estimated at 15,000 trillion gallons nationally, appears ubiquitous and inexhaustible. But more than 95 percent of the total is available on a one-time basis only. And it is being depleted or contaminated in many areas.

Irrigation accounts for one-third of all water withdrawals, but two-thirds of all ground water withdrawals. Not surprisingly, the availability of a guaranteed market is fueling ground water overdraft. Forty-five percent of the irrigated acreage in 11 major ground water irrigation States is served by "declining ground water areas." Unless our current policies are changed, ground water overdraft will likely continue until extractive costs exceed the benefits, which will be too late.

ALLOCATING SCARCE RESOURCES EFFICIENTLY

Mr. President, water—particularly in the West—is a precious resource. We must treat it accordingly. Economists and environmentalists argue that artificially low irrigation water prices encourage the inefficient allocation of this limited resource.

Last year Senator TIM WIRTH of Colorado and I sponsored Project 88: Harnessing Market Forces To Protect Our Environment. Underpinning Project 88 is the notion that a key to reducing inefficient natural resource use and environmental degradation is to ensure that producers and consumers face the true cost of their decisions, not just the direct costs, but the full social costs of the consequences of their actions.

The Irrigation Subsidy Reform Act of 1989 is consistent with Project 88 principles. If enacted, it would eliminate USDA subsidies that promote excessive use of irrigation water, often to ruinous effect.

If enacted, the Irrigation Subsidy Reform Act would give affected farmers a choice between subsidized water and a market guaranteed by USDA. If they choose the water, they are not prohibited from using it to grow surplus crops. They simply cannot participate in price and income support programs. Presumably, ineligibility for price and income supports would prompt farmers to switch production from field crops to specialty crops, fruits, nuts, and vegetables, which often require less water. Such a shift would bolster farm income by reducing price-depressing surplus production of wheat, cotton, and other program commodities. If participating in the commodity programs is important to them, they are free to renegotiate their water contracts to pay full cost for their irrigation supply. Higher water prices would prompt farmers to conserve supply.

Mr. President, we are firmly entrenched in an era of fiscal scarcity. The Federal Government simply cannot afford to provide subsidized irrigation water to a few large farmers and then pay them not to produce surplus commodities. The budget deficit precludes that sort of largesse.

In an era when poverty and economic development programs are being eliminated wholesale or curtailed sharply, such subsidies and outlays are an affront. In the central valleys of California, some farmers pay $10 for water to irrigate an acre of surplus cotton. Just a few hundred miles away, Los Angeles cuts essential services while paying 60 times as much for the same quantity of water for drinking. This is nothing more than a testimony to the constituent greed and vested power of the so-called "water lobby."

THE FAILURE OF RECLAMATION'S SOCIAL GOALS

Compounding the affront is the failure of our reclamation programs to accomplish their primary social objective: to provide the benefits of subsidized irrigation to a maximum number of family farms. The Reclamation Act of 1902 was passed, according to F.H. Newell, the first BuRec Commissioner, "not to irrigate the lands which now belong to large corporations * * * not to make these men wealthy; but * * * to bring about a condition whereby that land shall be put into the hands of the smaller owner."

Congress intended that full irrigation benefits would accrue only to individuals farming 160 acres. Congress passed the Reclamation Reform Act of 1982 [RRA] to extend partial irrigation subsidy benefits to individuals farming up to 960 acres.

The amount of irrigated farmland in this country has risen steadily, from 17 million acres in 1939 to some 50 mil-

lion acres today. But the number of irrigated farms peaked in 1954 at 325,000 and has declined steadily since then. So irrigation benefits—which we have seen are quite substantial—are accruing to fewer and fewer farmers.

The concentration of farmers receiving ever larger irrigation benefits has attendant social consequences. Professor Walter Goldschmidt's pioneering work in the 1940's delineated the correlation between farm size and community well-being in California. Communities surrounded by large farms had poorer social conditions than communities surrounded by smaller farms.

Professor Dean MacCannell refined and extended the study throughout the Sun Belt earlier this decade. He confirmed the inverse relationship between farm size and community well-being.

More recently Don Villarejo and Judith Redmond of the California Institute for Rural Studies have documented the concentration of wealth flowing from irrigation benefits in the Westlands Water District of California's Central Valley Project [CVP]. They report that "while agriculture flourishes, much of the populace in the Central Valley live in poverty." Their study, Missed Opportunities—Squandered Resources: Why Prosperity Brought by Water Doesn't Trickle Down in the California Central Valley, uncovered "a pervasive pattern involving considerable effort on the part of large operations to comply with the technical requirements of RRA in order to receive low-cost water while circumventing the RRA goal of assisting family-scale farms." Such paper farm accounting practices appear unscrupulous, and indeed do not reflect the intent of Congress.

Some will argue that this bill is antifarmer. It is not. Subsidized irrigation bestows considerable benefits. Irrigation increases per acre yields. Consequently, irrigators enjoy decided advantages over dryland farmers. Irrigated yields for wheat, for instance, are twice the dryland yields. Irrigated yields for cotton are 90 percent higher. Not surprisingly, irrigated areas constitute 13.7 percent of all harvested cropland, but 27.8 percent of the value of harvested production. That is benefit enough.

I would note that there is precedent for the Irrigation Subsidy Reform Act. Congress previously prohibited BuRec water recipients from growing surplus crops for 10 years after initial construction of individual projects. The Reclamation Reform Act of 1982 repealed that provision. The current budget deficit and environmental constraints mandate that it be reinstated.

Mr. President, this bill will reduce USDA outlays. It may increase BuRec water receipts. It will promote the conservation and protection of surface and ground water supplies. It will encourage trading and selling water rights, thus increasing the supply available for economic development. It will end years of contradictory and wasteful Federal policy. I urge my colleagues to support it.

Mr. President, I ask unanimous consent that at this point, a copy of the Irrigation Subsidy Reform Act of 1989 be printed in the RECORD and letters endorsing the legislation from the National Wildlife Federation, the Natural Resources Defense Council, and the Council for Citizens Against Government Waste.

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

S. 1032

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Irrigation Subsidy Reform Act of 1989".

SEC. 2. INELIGIBILITY OF RECIPIENTS OF FEDERAL IRRIGATION WATER DELIVERED AT LESS THAN FULL COST FOR BENEFITS FROM PRICE AND INCOME SUPPORT PROGRAMS ADMINISTERED BY THE DEPARTMENT OF AGRICULTURE.

Title IV of the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 425. INELIGIBILITY OF RECIPIENTS OF FEDERAL IRRIGATION WATER DELIVERED AT LESS THAN FULL COST FOR BENEFITS FROM PRICE AND INCOME SUPPORT PROGRAMS ADMINISTERED BY THE DEPARTMENT OF AGRICULTURE.

"(a) IN GENERAL.—Notwithstanding any other provision of law, any producer to whom irrigation water is delivered in a crop year at less than full cost from a Federal irrigation project shall not be eligible to receive, directly or indirectly, a loan or payment under, or in connection with, any program carried out by the Secretary under this Act, or any other Act, to support the price or adjust the supply of an agricultural commodity, including milk, for such crop year.

"(b) MEANING OF TERMS.—As used in this section, the terms 'full cost', 'irrigation water', and 'project' have the meaning given such terms in section 202 of the Reclamation Reform Act of 1982 (43 U.S.C. 390bb).".

SEC. 3. EFFECTIVE DATE.

(a) IN GENERAL.—The amendment made by section 2 shall apply with respect to irrigation water delivered in any crop year beginning after the date of enactment of this Act pursuant to a contract entered into, renewed, modified, or amended before, on, or after the date of enactment of this Act.

(b) MEANING OF TERMS.—As used in this section, the terms "irrigation water" and "contract" have the meaning given such terms in section 202 of the Reclamation Reform Act of 1982 (43 U.S.C. 390bb).

NATIONAL WILDLIFE FEDERATION,
Washington, DC, May 17, 1989.

Hon. JOHN HEINZ,
U.S. Senate, Washington, DC.

DEAR SENATOR JOHN HEINZ: I am pleased that you and Representative Gejdenson are introducing identical bills today to tighten eligibility requirements for agricultural price and income support programs for crops grown on lands receiving Federally-subsidized irrigation water. The measure is designed to reduce the Federal budget deficit, improve the allocation of scarce water and land resources, and reduce damages to the environment.

The passage of your amendment to the Agricultural Act of 1949 will help resolve the longstanding inconsistency between Federal agricultural support programs designed to restrict the production of surplus crops and Federal irrigation projects intended to increase production of many of these same crops. The irrigation subsidy amendment would deny participation in the farm programs to persons receiving subsidized irrigation water under new, renewed, amended, or modified water contracts.

The Bureau of Reclamation and the U.S. Army Corps of Engineers provide irrigation water to farms at a fraction of the cost to the taxpayers of the dams, canals, pumps, and other components of the system. Approximately 40% of the land receiving subsidized water is planted to surplus crops; wheat, corn, cotton, rice, sorghum, oats, and barley. The Department of Agriculture estimated that it paid more than $730 million in crop-support payments to owners and operators of Federally-irrigated farms in 1986. Your bill will gradually reduce the drain on the Treasury as irrigation water contracts expire between now and 2005.

Your bill makes sense for both the economy and the environment. We support it.

Sincerely,

JAY D. HAIR,
President.

NATURAL RESOURCES DEFENSE COUNCIL,
Washington, DC, May 15, 1989.

DEAR MEMBER OF CONGRESS: The Natural Resources Defense Council urges you to support the Irrigation Subsidy Reform Act of 1989, which is being introduced by Senator John Heinz, Representative Sam Gejdenson and others on May 17, 1989. The bill would accomplish a simple but much needed reform of federal agriculture and water policy by elminating "double subsidies" for surplus crops grown with federal irrigation water. Specifically, the bill requires agricultural operations using taxpayer subsidized irrigation water on crops already in surplus to forgo the additional subsidies available through the federal commodity programs.

Passage of this eminently sensible measure will help to address one of the most critical needs in western water policy by requiring water users to recognize the true cost of their irrigation water. The bill would reduce political pressures for more unnecessary irrigation projects and economic incentives to overproduce. It is completely consistent with the philosophy that our agricultural and economic policies would allow market forces to operate.

Federal irrigation subsidies have generally outlived their original social purposes and have proven to be a huge drain on the federal budget. Moreover, they create significant adverse environmental effects by encouraging the farming of marginal land, the damming of our last free flowing rivers and streams, and the diversion of scarce water supplies away from fish and wildlife and other environmental needs and into irrigated agriculture (which already uses about 85% of the water in the West).

In 1984, the U.S. Department of Agriculture, in a report ordered by Congress, concluded that irrigation subsidies for surplus crops contradict federal policies discouraging overproduction of these crops. The Irrigation Subsidy Reform Act is a much needed step toward eliminating this contra-

diction and we urge you to give it your support.

Sincerely,

HAMILTON CANDEE,
Director, Western Water Project.

COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE,
Washington, DC, May 17, 1989.

Hon. JOHN HEINZ,
Russell Senate Office Building, Washington, DC.

DEAR SENATOR HEINZ: The Council For Citizens Against Government Waste (CCAGW) is the lobbying arm of Citizens Against Government Waste, a 350,000-member organization which is the nation's fastest growing citizens' movement. CCAGW endorses the Irrigation Subsidies Reform Act of 1989, to eliminate water subsidies for farmers who also receive commodity subsidies.

In 1984, 45% of the land irrigated with federally-subsidized water was used to grow crops already in surplus. In 1986, $785 million in Department of Agriculture commodity subsidies were paid to farmers who received subsidies from the Bureau of Reclamation. This double dipping must stop.

It doesn't make sense for farmers to get help from the government to irrigate their crops and increase production while at the same time they are being paid to restrict the production of surplus crops. The taxpayers are taking a bath on this wasteful and inefficient practice. We don't have to raise taxes to reduce the $263 billion federal deficit when there's waste like this that can be eliminated.

The Irrigation Reform Act of 1989 would bring more sanity to farm policies by prohibiting farmers who receive water subsidies from also receiving commodity subsidies. The Council For Citizens Against Government Waste urges all Senators to join you in co-sponsoring this important waste-cutting legislation.

Sincerely,

THOMAS A. SCHATZ,
Government Affairs Director.

Mr. HARKIN. Mr. President, I am pleased to join Senator HEINZ in introducing the Irrigation Subsidy Reform Act of 1989. The bill is simple and straightforward. It provides that farmers who receive federally subsidized irrigation water may not also receive benefits under Federal farm price and income support programs.

The Bureau of Reclamation subsidizes farmers in parts of the country by selling water from federally constructed projects at prices that do not recover the projects' full capital, operating, and interest costs. The Interior Department estimates the 1986 subsidy at $534 million, $203 million of which may be associated with surplus crop production. Since its beginning the Bureau of Reclamation has provided subsidies in an amount estimated to be as high as $70.3 billion by the Congressional Budget Office.

About 38 percent of the acres receiving subsidized irrigation are used to produce crops supported by Federal commodity programs. USDA calculates that farmers served by Bureau of Reclamation water may have received commodity program payments totaling as much as $785 million in 1986. Hence, for 1986 a small group of farmers received combined water subsidies and farm program benefits of about $1 billion.

The double dipping that results from piling farm program payments on top of irrigation subsidies is a prime example of the sort of spending that we must eliminate if we are ever to get the Federal budget deficit under control. This is just one more instance where Federal programs are working at cross purposes with one another. One foot is on the accelerator and the other is on the brake.

This double dipping continues even as the budget deficit forces cuts in spending for agriculture programs that translate nearly dollar for dollar into reduced income for farmers in Iowa and other parts of the country that do not benefit from subsidized water.

My State of Iowa is still suffering from severe drought problems, including shortages of water for household and livestock use. The National Guard is hauling water. Livestock herds are being liquidated. The applications for Farmers Home Administration grants and loans for water systems far exceed the available money. Thus far this year there have been over $60 million in applications for somewhat more than $10 million in funds. So I am troubled that each year hundreds of millions of dollars go out to farmers in other parts of the country who get both irrigation subsidies and farm program benefits, while we in Iowa can't even get the Federal help we need to have water for our people and livestock to drink.

It's a matter of basic fairness. Farmers who get irrigation subsidies clearly have a competitive advantage over those who don't. To make matter worse, farmers in Iowa and other parts of the country who don't get subsidized water are paying taxes to fund their competitors' subsidies.

Under this legislation, farmers who are receiving these double benefits simply must choose which benefit they will retain. If they want to continue receiving farm program benefits, they can renegotiate their water contracts so they pay the full cost of the water. Or they could contine to receive water benefits if they grow crops that are not supported by Federal farm programs.

Moreover, as Senator HEINZ has so well explained, water subsidies go predominantly to large farming operations. The original intent of the Bureau of Reclamation program was to limit irrigation benefits to 160 acres per person. Currently, however, the limit has reached 960 acres, and that limit is skirted by "paper farms."

The conflicting policies relating to payment of commodity program benefits to farmers receiving subsidized water also encourage environmental harm. The intensive cropping and high water use fostered by these policies contribute to accumulation of salts, trace elements, pesticides, and other substances in used irrigation water. For example, the accumulation of selenium from irrigation drainage reached such high levels in the Kesterson Reservoir in California that wildlife poisoning resulted.

Mr. President, this legislation represents sound fiscal, agricultural and environmental policy. I urge that my colleagues support this bill and hope that it will soon be enacted.

By Mr. SPECTER:

S.J. Res. 136. Joint resolution designating August 8, 1989, as "National Neighborhood Crime Watch Day"; to the Committee on the Judiciary.

NATIONAL NEIGHBORHOOD CRIME WATCH DAY

Mr. SPECTER. Mr. President, today I introduce a joint resolution which commends the Nation's Neighborhood Crime Watch groups and designates August 8, 1989, as "National Neighborhood Crime Watch Day."

One such group, the National Association of Town Watch [NATW], has made significant contributions in helping neighborhoods throughout the country in their fight against crime. The association's fifth annual National Night Out crime prevention project, which was held on August 9, 1988, involved citizens and police in 7,000 communities in all 50 States. Last year, I joined then-Vice President Bush and NATW's executive director, Matt Peskin, for the kick-off ceremony in Philadelphia.

During National Night Out, residents in neighborhoods across the Nation will sit on lighted porches, enjoy visits from local police, and participate in a variety of special events such as block parties, cookouts, and parades.

Nationally, 18.5 million Americans participated in "National Night Out" in 1988. This unique anticrime effort heightens crime prevention awareness and reunites communities and local law enforcement agencies. Many communities in your State are dedicated National Night Out supporters.

The National Association of Town Watch is a unique organization, serving as liaison among thousands of communities involved in crime prevention programs and representing the entire spectrum of programs concerned with the serious problem of crime in our neighborhoods. As such, it helps coordinate the anticrime efforts of, and provide information and assistance to, the many communities involved in organized crime prevention programs.

Under the leadership of Mr. Matt Peskin, NATW received the prestigious National Constituency Organiza-

tion Award in 1986 and 1988, presented by the National Crime Prevention Council, the Crime Prevention Coalition, and the U.S. Department of Justice, for the association's extraordinary efforts in fighting crime.

In association with other anticrime organizations, NATW works to reduce the neighborhood crime rate and to enhance the police-community relationship. Nearly obsolete in the 1960's and 1970's, the notion of the police and the community cooperating with each other now is being institutionalized. No longer are people as afraid to call the police, and law enforcement organizations now recognize the citizens' role in fighting crime.

In correspondences with my office, the U.S. Department of Justice noted that "NATW has done exemplary work and has made significant contributions to the overall national crime prevention effort." The Department also indicated that "National Night Out is an excellent program and should be continued."

As a former district attorney, current member of the Senate Judiciary, Committee, and cochairman of the Congressional Crime Caucus, I have actively pursued initiatives to fight street crime. Accordingly, I commend the efforts of NATW and all the participants in National Night Out.

Mr. President, I urge my colleagues to join in supporting this important resolution to recognize the active involvement of neighborhood organizations in the ongoing national fight against crime and to designate August 8, 1989, as National Neighborhood Crime Watch Day.

I ask unanimous consent that the joint resolution be printed in the RECORD.

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

S.J. RES. 136

Whereas neighborhood crime is of continuing concern to the American people;

Whereas the fight against neighborhood crime requires people to work together in cooperation with law enforcement officials;

Whereas neighborhood crime watch organizations are effective at promoting awareness about, and the participation of volunteers in, crime prevention activities at the local level;

Whereas neighborhood crime watch groups can contribute to the Nation's war on drugs by helping to prevent their communities from becoming markets for drug dealers;

Whereas citizens across America will soon take part in a "National Night Out", a unique crime prevention event which will demonstrate the importance and effectiveness of community participation in crime prevention efforts by having people spend the period from 8 to 10 o'clock post-meridian on August 8, 1989, with their neighbors in front of their homes: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That August 8, 1989 is designated as "National Neighborhood Crime Watch Day", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate programs, ceremonies, and activities.

ADDITIONAL COSPONSORS

S. 135

At the request of Mr. GLENN. the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 135, a bill to amend title 5, United States Code, to restore to Federal civilian employees their right to participate voluntarily, as private citizens, in the political process of the Nation, to protect such employees from improper political solicitations, and for other purposes.

S. 231

At the request of Mr. MOYNIHAN, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 231, a bill to amend part A of title IV of the Social Security Act to improve quality control standards and procedures under the Aid to Families With Dependent Children Program, and for other purposes.

S. 247

At the request of Mr. METZENBAUM, the names of the Senator from Arkansas [Mr. PRYOR], the Senator from Nebraska [Mr. EXON], the Senator from Vermont [Mr. JEFFORDS], the Senator from Maine [Mr. COHEN], and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of S. 247, a bill to amend the Energy Policy and Conservation Act to increase the efficiency and effectiveness of State energy conservation programs carried out pursuant to such act, and for other purposes.

S. 427

At the request of Mr. MACK, the name of the Senator from Florida [Mr. GRAHAM] was added as a cosponsor of S. 427, a bill to designate the Federal building located at 1801 Gulf Breeze Parkway, Gulf Breeze, FL, as the "Bob Sikes Visitor Center."

S. 464

At the request of Mr. SANFORD, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 464, a bill to promote safety and health in workplaces owned, operated, or under contract with the United States by clarifying the U.S. obligation to observe occupational safety and health standards and clarifying the U.S. responsibility for harm caused by its negligence at any workplace owned by, operated by, or under contract with the United States.

S. 488

At the request of Mr. FOWLER, the names of the Senator from Vermont [Mr. LEAHY] and the Senator from Louisiana [Mr. JOHNSTON] were added as cosponsors of S. 488, a bill to provide Federal assistance and leadership to a program of research, development, and demonstration of renewable energy and energy efficiency technologies, and for other purposes.

S. 494

At the request of Mr. DURENBERGER, the name of the Senator from South Dakota [Mr. DASCHLE] was added as a cosponsor of S. 494, a bill to amend the Internal Revenue Code of 1986 to extend for 5 years, and increase the amount of, the deduction for health insurance for self-employed individuals.

S. 543

At the request of Mr. SIMON, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 543, a bill to amend the Job Training Partnership Act to strengthen the program of employment and training assistance under this act, and for other purposes.

S. 692

At the request of Mr. HATCH, the name of the Senator from Wisconsin [Mr. KASTEN] was added as a cosponsor of S. 692, a bill to amend title XX of the Social Security Act to establish a block grant program for child care services, to amend the Internal Revenue Code of 1986 to adjust the earned income credit to take account of family size, and for other purposes.

S. 714

At the request of Mr. MCCLURE, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of S. 714, a bill to extend the authorization of the Water Resources Research Act of 1984 through the end of fiscal year 1993.

S. 763

At the request of Mr. MACK, the names of the Senator from Washington [Mr. GORTON], the Senator from Nebraska [Mr. EXON], the Senator from South Dakota [Mr. PRESSLER], the Senator from Colorado [Mr. WIRTH], the Senator from South Carolina [Mr. THURMOND], the Senator from North Dakota [Mr. CONRAD], the Senator from Wisconsin [Mr. KASTEN], the Senator from Ohio [Mr. METZENBAUM], the Senator from Virginia [Mr. WARNER], and the Senator from Nevada [Mr. BRYAN] were added as cosponsors of S. 763, a bill to require a report on the extent of compliance by the Palestine Liberation Organization [PLO] with its commitments regarding a cessation of terrorism and the recognition of Israel's right to exist, and for other purposes.

S. 829

At the request of Mr. HUMPHREY, his name was added as a cosponsor of S. 829, a bill to provide the President with enhanced rescission authority at such time as the debt of the U.S. Government held by the public exceeds $2,378,000,000,000.

S. 882

At the request of Mr. MCCONNELL, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 882, a bill to amend the National School Lunch Act to make private nonprofit organizations eligible to participate in the summer food service program for children, and for other purposes.

S. 893

At the request of Mr. LAUTENBERG, the names of the Senator from Arizona [Mr. DECONCINI] and the Senator from South Dakota [Mr. PRESSLER] were added as cosponsors of S. 893, a bill to establish certain categories of Soviet and Vietnamese nationals presumed to be subject to persecution and to provide for adjustment to refugee status of certain Soviet and Vietnamese parolees.

S. 933

At the request of Mr. HARKIN, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 933, a bill to establish a clear and comprehensive prohibition of discrimination on the basis of disability.

S. 949

At the request of Mr. RIEGLE, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 949, a bill to amend title XIX of the Social Security Act to provide States additional authority and flexibility under Medicaid to improve children's access to health care services, to assure sufficient payment levels for certain providers and to provide funds for demonstration projects, and for other purposes.

S. 959

At the request of Mr. DASCHLE, the name of the Senator from North Dakota [Mr. CONRAD] was added as a cosponsor of S. 959, a bill to amend title III of the Public Health Service Act to make improvements in the National Health Service Corps scholarship program, and for other purposes.

SENATE JOINT RESOLUTION 67

At the request of Mr. DOMENICI, the names of the Senator from Nebraska [Mr. KERREY], the Senator from West Virginia [Mr. ROCKEFELLER], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of Senate Joint Resolution 67, a joint resolution to commemorate the 25th anniversary of the Wilderness Act of 1964 which established the National Wilderness Preservation System.

SENATE JOINT RESOLUTION 76

At the request of Mr. HELMS, the names of the Senator from Michigan [Mr. LEVIN], the Senator from Wyoming [Mr. SIMPSON], the Senator from Kansas [Mrs. KASSEBAUM], and the Senator from South Carolina [Mr. THURMOND] were added as cosponsors of Senate Joint Resolution 76, a joint resolution to designate the period commencing on June 21, 1989, and ending on June 28, 1989, as "Food Science and Technology Week."

SENATE JOINT RESOLUTION 79

At the request of Mr. REID, the names of the Senator from Tennessee [Mr. GORE], the Senator from Rhode Island [Mr. PELL], the Senator from Delaware [Mr. BIDEN], and the Senator from Illinois [Mr. SIMON] were added as cosponsors of Senate Joint Resolution 79, a joint resolution to require display of the POW/MIA flag at Federal buildings.

SENATE JOINT RESOLUTION 81

At the request of Mr. DIXON, the names of the Senator from Missouri [Mr. DANFORTH], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Arkansas [Mr. BUMPERS], the Senator from North Carolina [Mr. HELMS], the Senator from Texas [Mr. BENTSEN], the Senator from South Dakota [Mr. PRESSLER], the Senator from Illinois [Mr. SIMON], the Senator from Alabama [Mr. HEFLIN], and the Senator from Ohio [Mr. GLENN] were added as cosponsors of Senate Joint Resolution 81, a joint resolution to designate the week of October 1 through 7, 1989, as "National Health Care Food Service Week."

SENATE JOINT RESOLUTION 86

At the request of Mr. RIEGLE, the names of the Senator from Connecticut [Mr. DODD], the Senator from Alabama [Mr. HEFLIN], and the Senator from Tennessee [Mr. GORE] were added as cosponsors of Senate Joint Resolution 86, a joint resolution designating November 17, 1989, as "National Philanthropy Day."

SENATE JOINT RESOLUTION 110

At the request of Mr. SIMON, the names of the Senator from Pennsylvania [Mr. SPECTER], the Senator from Tennessee [Mr. SASSER], and the Senator from Wyoming [Mr. SIMPSON] were added as cosponsors of Senate Joint Resolution 110, a joint resolution designating October 5, 1989, as "Raoul Wallenberg Day."

SENATE JOINT RESOLUTION 130

At the request of Mr. SARBANES, the names of the Senator from California [Mr. WILSON], the Senator from Washington [Mr. ADAMS], the Senator from Maine [Mr. COHEN], the Senator from Alaska [Mr. STEVENS], the Senator from Mississippi [Mr. LOTT], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from West Virginia [Mr. BYRD], the Senator from Pennsylvania [Mr. HEINZ], and the Senator from Tennessee [Mr. GORE] were added as cosponsors of Senate Joint Resolution 130, a joint resolution designating February 11 through February 17, 1990, as "Vocational Technical Education Week."

SENATE CONCURRENT RESOLUTION 9

At the request of Mr. HUMPHREY, the name of the Senator from Delaware [Mr. ROTH] was added as a cosponsor of Senate Concurrent Resolution 9, a concurrent resolution establishing procedures for expedited consideration by the Congress of certain bills and joint resolutions submitted by the President.

SENATE CONCURRENT RESOLUTION 38—PROVIDING FOR A CONDITION RECESS OF THE SENATE AND ADJOURNMENT OF THE HOUSE

Mr. MITCHELL submitted the following concurent resolution; which was considered and agreed to:

S. CON. RES. 38

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns at the close of business on Thursday, May 18, 1989, or Friday, May 19, 1989, pursuant to a motion made by the Majority Leader, or his designee, in accordance with this resolution, it stand recessed or adjourned until 2:15 post meridian on Wednesday, May 31, 1989, or until 12 o'clock meridian on the second day after Members are notified to reassemble pursuant to section 2 of this resolution, whichever occurs first; and that when the House adjourns on Thursday, May 25, 1989, it stand adjourned until 12:00 o'clock meridian on Wednesday, May 31, 1989, or until 12 o'clock meridian on the second day after Members are notified to reassemble pursuant to section 2 of this resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate and the Speaker of the House, acting jointly after consultation with the Minority Leader of the Senate and the Minority Leader of the House, shall notify the Members of the Senate and the House, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

NOTICES OF HEARINGS

SUBCOMMITTEE ON NUTRITION AND INVESTIGATIONS

Mr. LEAHY. Mr. President, I wish to announce that the Subcommittee on Nutrition and Investigations of the Committee on Agriculture, Nutrition, and Forestry will hold two hearings on the reauthorization of the WIC and child nutrition legislation. The hearings will be held on June 1, 1989, at 9:30 a.m. and on June 14, 1989, at 2 p.m. in room 332 Russell Senate Office Building.

Senator TOM HARKIN will preside. For further information please contact Mark Halverson of the subcommittee staff at 224-3254.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Wednesday, May 17, 1989, at 2 p.m. in open session to receive testimony on Department of Energy Defense Programs in review of

the fiscal years 1990 and 1991 defense authorization request.

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be allowed to meet during the session of the Senate Wednesday, May 17, 1989, at 10 a.m. to conduct an oversight hearing on the HUD Inspector General's report on mismanagement in the moderate rehabilitation program (section 8).

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

COMMITTEE ON FOREIGN RELATIONS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, May 17, at 2 p.m. to mark up the Foreign Relations Authorization Act for fiscal year 1990.

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

ADDITIONAL STATEMENTS

ROSWELL, NM, ENCOURAGES PARTNERS IN EDUCATION

● Mr. DOMENICI. Mr. President, one of the outstanding small cities of this Nation is Roswell, NM, a city on the move. The city has demonstrated once again its vision for the future with the creation of a project known as Partners in Education.

I commend the Roswell Independent School District, the Hispano Chamber of Commerce, and the city of Roswell for this leadership, and I want to inform my colleagues briefly about this excellent effort.

The project, bringing together 23 elementary and secondary schools, is sponsored by 27 of the city's businesses. It is a joint effort to enhance education and opportunities for all of the projects participants.

Mr. President, this partnership benefits the schools and the schoolchildren by broadening students concepts of selfworth, providing role models for disadvantaged students, expanding a student's awareness of career choices, fostering a better understanding of the Roswell Public Schools, and creating for employees a new sense of service to the system that perpetuates free enterprise.

In turn, the businesses of Roswell will benefit from ths project by influencing career choices of students, developing a pool of potential employees, improving opportunities for effective economic development through exchange of resources, and increasing the efficiency and success of business operations.

These are the kind of initiatives our country needs to pursue with vigor. I am proud that the Roswell Independent School district, the Hispano Chamber of Commerce, and the city of Roswell have decided to implement this project.

This cooperation will build a stronger community, a stronger state, and a stronger nation. I hope other communities will follow Roswell's lead.

Mr. President this is an excellent example of what President Bush has called the thousand points of light.

The Partners in Education project reaches out to students, encouraging them to stay in school and pursue their education. It focuses on helping each student develop a vision for the future through positive contacts and role models. With this vision, students can continue to seek their goals positively.

Our Nation is the strongest in the world. Projects like the Partners in Education, which focus is on the development of a vision of the future for America's young people, will help us maintain our strength into the 21st century and beyond.

Once again, I commend the people of Roswell, NM, for their leadership and their continued drive for excellence.●

ELIMINATE THE RURAL-URBAN DIFFERENTIAL

● Mr. BURDICK. Mr. President, I am pleased to be a cosponsor of Senate Concurrent Resolution 37, which calls for the elimination of the Medicare payment differential between urban and rural hospitals.

The Medicare prospective payment system was established on the theory that urban hospitals incur a greater cost per patient than do rural hospitals. Under this payment system, urban hospitals receive a larger payment from Medicare than do their rural counterparts.

However, this system failed to account for the higher proportion of Medicare patients in rural hospitals. In addition, rural hospitals serve a smaller number of patients who are covered by some form of private health insurance. Rural hospitals have not been able to meet their expenses under this system and have been closing at twice the rate of urban hospitals since 1987.

Mr. President, this statistic is of grave concern to my home State of North Dakota. For North Dakota's many rural communities, the rural hospital is the only provider of health care in an often isolated area. When a rural hospital closes, it deprives rural residents of needed care and affects the community's entire economic structure.

I have long supported the elimination of this unfair distinction, which has contributed to the continuing shortage of sufficient health care services in many of our communities. I believe that we must work to relieve rural hospitals and rural communities of this unnecessary burden. Senate Concurrent Resolution 37 is an important step in that direction.●

FINANCIAL INSTITUTIONS REFORM, RECOVERY AND ENFORCEMENT ACT OF 1989

● Mr. HATFIELD. Mr. President, when the Senate considered S. 774, the Financial Institutions Reform, Recovery and Enforcement Act of 1989, I expressed my reservations about several provisions of the bill. While I voted for S. 774, I did so with the fear that some of those provisions might substantially and perhaps unnecessarily impact the earning capacity of healthy thrift institutions, thereby exacerbating the very problem which the bill seeks to remedy.

Mr. President, not all thrift institutions are failing, have made poor investment decisions or are run by poor management. Indeed, more Oregon thrift institutions are quite healthy and have an excellent record in terms of financial stability and quality of management. However, it is these healthy Oregon thrifts that must bear a great financial burden for the mistakes and omissions of other savings and loan associations in other parts of the country.

One of the specific areas of concern for me is the treatment of supervisory goodwill. The new tangible capital standards in the legislation specifically exclude supervisory goodwill, and in doing so effectively abrogate agreements made between the Federal Home Loan Bank Board, on behalf of the U.S. Government, and certain healthy thrift institutions. These healthy savings and loan associations relied exclusively on such agreements with the FHLBB as an inducement to acquire failed institutions. Principles of equity alone dictate that the Government continue to recognize the validity of these agreements.

Mr. President, recently I received a letter from Mr. Dale Weight, president and chairman of the board of the Benjamin Franklin Federal Savings and Loan Association in Portland, OR. His letter outlines with great clarity the serious impact this legislation will have on the Benjamin Franklin, a healthy institution that acquired a failing thrift at the urging of the FHLBB. His is a voice which must be heard, even at this late date, and I ask that his letter be printed in the RECORD.

The letter follows:

BENJ. FRANKLIN FEDERAL SAVINGS AND LOAN ASSOCIATION,
Portland, OR, April 27, 1989.

Hon. MARK O. HATFIELD,
U.S. Senator, Hart Senate Office Building, Washington, DC

DEAR MARK: The Bush savings and loan plan (FIRREA) currently before Congress places The Benj. Franklin in serious jeopardy.

The proposed language of the House Subcommittee and Senate bill will, if passed as proposed, effectively move The Benj. Franklin to a "Special Supervisory Association" status.

Benj. Franklin currently has $291 million in supervisory goodwill on its books. This goodwill arose as a purchase accounting adjustment for acquiring, at the behest of the FSLIC, the Equitable Savings and Loan Association of Portland, Oregon and the Western Heritage Savings and Loan Association of Pendleton, Oregon. The FSLIC saved $360 million dollars through the willingness of the Benj. Franklin to accept goodwill as a form of assistance. Further, this was done as a common practice during the early 1980's with several billion dollars of goodwill being created by the FSLIC. This "goodwill" saved the insurance fund from earlier default and was accepted by the acquiring institution as an acceptable level of assistance based on mutual agreeable write off schedules. In our case, the goodwill was to be written off over a 32 year period by a direct charge to earnings of $11 million a year.

The approach taken by the House Subcommittee on Financial Institutions and new amendments to the subcommittee's report in the full committee, would change the basis upon which the goodwill was accepted by excluding the goodwill from a thrift's core capital requirement. If the government reneges on its commitments to Benj. Franklin and other supervisory acquirors by not fully including supervisory goodwill in core capital:

Benj. Franklin and other profitable supervisory acquirors would be transformed overnight from institutions in full regulatory compliance to supervisory cases.

The resulting negative publicity will do immense damage to stockholder values and to customer confidence; this is not a theoretical concern but a real crisis issue;

Capital markets will be impossible to access given the sudden regulatory noncompliance;

The investor perception of the thrift industry will be diminished since investors will see the healthy institutions in which they have invested suddenly become supervisory cases;

Benj. Franklin will be placed in a position where increased earnings or capital are necessary under the legislation but will be obstructed due to conditions caused by the same legislation.

In a dramatic effort to meet the capital requirements, supervisory acquirors like Benj. Franklin would have to downsize resulting in: Employee layoffs; branch closings; cutbacks in residential mortgage lending; and other service cutbacks.

The regulators currently have significant authority to restrict or close institutions that are in poor condition or engaged in unsafe or unsound practices.

If the concern is that institutions not be permitted to grow based on their supervisory goodwill, growth restrictions can be drafted which will achieve this objective but not cause the other concerns identified above through the failure to fully include goodwill in core capital.

Our position is simply that any change in the law that does not fully grandfather supervisory goodwill is an improper abrogation of supervisory acquisition agreements.

We need, and ask for, your help now. Please contact the House Banking Committee and insist that all supervisory goodwill be grandfathered and that it be counted 100% toward capital. Thanks.

Sincerely,

G. DALE WEIGHT.●

HENRY DROPKIN TESTIMONIAL

● Mr. HEINZ. Mr. President, I rise today to commemorate the career of one of our Nation's great labor leaders, a man I respect and admire. After 42 years of devoted service to the cause of working men and women, Henry Dropkin is retiring as international vice president of the Amalgamated Clothing and Textile Workers Union.

For over 15 years, Mr. President, I have been honored to call Henry Dropkin my friend. Like many hundreds of Pennsylvanians, I too have known him as a devoted family man, a good husband and father, a well-spoken community leader. Like many thousands of ACTWU and AFL-CIO members, I too have known Henry as a tireless advocate of workers' rights and of fair trade. And like many public officials in our home State of Pennsylvania, I too have benefited from his solid grasp of trade and labor issues, his sound and thoughtful insights, his passionate vision for the future of our Nation and wise counsel.

Mr. President, it is with mixed emotions that I note Henry Dropkin's retirement. While I join with his family and many friends in wishing my friend health and happiness in his new life, the American labor movement is losing one of its brightest lights.●

PROMOTE COMPETITIVENESS BY CUTTING CAPITAL GAINS TAX

● Mr. LOTT. Mr. President, today I am pleased to join my colleague from Wisconsin, Senator BOB KASTEN, in his effort to promote investment, job creation, and competitiveness by cutting the capital gains tax.

Senator KASTEN's bill, S. 171, enjoys the widest bipartisan support of any capital gains bill introduced in the Senate to date. S. 171 is cosponsored by our distinguished colleagues Senators STEVE SYMMS, JIM MCCLURE, RICHARD SHELBY, THAD COCHRAN, RUDY BOSCHWITZ, and HOWELL HEFLIN.

Mr. President, there are several aspects of Senator KASTEN's bill that differentiate it from other capital gains reform approaches. First, the bill would target the tax incentive to growth-oriented investments in corporate stock and business assets. Second, it would prevent tax sheltering activity by excluding collectibles and depreciable real property from preferential treatment. Third, it would inject some fairness in the tax code by partially indexing the basis of all capital assets, thus preventing the taxation of purely inflationary gains.

America is facing its greatest competitive challenge in years. Our overseas competitors—including Japan, West Germany, Taiwan, South Korea, and others—have adopted tax policies that reward risk-taking, innovation, and investment. As a result, these countries are creating new products, new industrial innovations and new technologies have vaulted them to the top of world economy. To keep pace with our competitors, we must bring down our high tax on productive capital.

Mr. President, I highly recommend to my Senate colleagues an article by Senator KASTEN on the need to reduce the U.S. capital gains tax. I ask that it be printed in the RECORD.

The article follows:

[From CFO, May 1989]

LET'S SHARPEN AMERICA'S COMPETITIVE EDGE—BY CUTTING THE CAPITAL GAINS TAX

(By Senator Robert W. Kasten, Jr.)

One of America's worst competitive handicaps is purely self-inflicted: We impose the heaviest tax on capital gains in the free world. This tax cripples U.S. savings and investment—and without investment, new products and new technologies aren't developed, new plants aren't built, and new American jobs aren't created.

Most of our rivals recognize the immense economic value of a lower capital gains rate. Many countries—including West Germany, Italy, the Netherlands, South Korea, and Hong Kong,—don't tax capital gains at all. Others—Canada, France, Japan, even socialist Sweden—have lower capital gains taxes than we do. And although Great Britain has a higher capital gains rate, it encourages investment by indexing capital gains for inflation.

The result of this disparity is that investment rates in the United States are much lower than elsewhere. For example, investment rates in Japan and the "four tigers" of Asia (Singapore, South Korea, Taiwan, and Hong Kong) average 28.8 percent of gross national product, compared with only 19 percent in the United States.

According to President Reagan's 1989 economic report, tax reform increased the tax burden on U.S. investment by 10 percent. Although other countries have similarly reformed their tax codes, they've managed to reduce their capital costs by retaining a capital gains preference. Japan's cost of capital, for example, is now 50 percent to 75 percent lower than ours.

President Bush and I have made capital gains reform proposals that would encourage the kind of investment that is essential for America's competitiveness. Both proposals would cut the capital gains tax in half, and limit the tax break to equities—the kind of investment that sparks job creation, technological innovation, and small business formation. To prevent tax-sheltering by the rich, our proposals would exclude investments in collectibles and depreciable real property.

My bill, however, contains two elements not included in the President's proposal. First, it would cut the corporate capital gains rate in half. Excluding corporations from preferential capital gains treatment would make tax considerations a significant factor in determining the form of doing business. Moreover, corporate investors account for a large amount of venture capital investment (40 percent in 1986).

Second, my bill would index capital gains for any year in which inflation rises above 4 percent. While the 50 percent exclusion would lower the tax burden on holders of stock, this indexing provision would ease the burden on holders of nonequity assets, whose capital gains are mostly due to inflation.

It is fundamentally unjust to tax investors on purely inflationary gain. Holders of assets such as homes, family farms, and land are particularly vulnerable to this unfair tax. The indexing provision would encourage individuals to save and invest—by protecting the value of their capital assets from high inflation.

Opponents of a reduced capital gains tax maintain that it would amount to a massive "giveaway to the rich" that would deepen the budget deficit. Economist Paul Craig Roberts has noted that the "giveaway to the rich" idea relies on a very peculiar definition of the rich—one that includes even a middle-class businessman who retires and sells his business. The capital gain swells his income for the year to several hundred thousand dollars, and he is "rich"—until the following year.

In 1978, we cut the top capital gains rate from 50 percent to 28 percent. Taxes paid on capital gains increased from $9.1 billion in 1978 to $12.5 billion in 1980. In 1981, we cut the top rate further, to 20 percent, and capital gains taxes increased from $12.7 billion in 1981 to $24.5 billion in 1985.

Other countries have adopted tax policies that reward saving, investing, and risk-taking. Keeping our capital gains tax as high as it is amounts to a giveaway of American jobs to our foreign competitors. We can sharpen America's competitive edge by bringing our capital gains rate in line with the rest of the world.●

THE 34TH ANNUAL DETAILED FINANCIAL DISCLOSURE OF SENATOR PAUL SIMON

● Mr. SIMON. Mr. President, it has been my practice in each of the 34 years I have spent in public life to volunteer a detailed accounting of my finances.

I ask that my financial report for 1988 be printed in the RECORD.

The financial report and related announcement follow:

ANNOUNCEMENT

For the 34th consecutive year that he has held public office, U.S. Senator Paul Simon, D-Ill., has released a detailed description of his income, assets and liabilities.

Simon has been making the voluntary annual statements longer than any other national officeholder, beginning the practice when he entered public service as a state representative in 1955. He followed the practice during eight years in the Illinois House of Representatives, six years in the Illinois Senate, four years as lieutenant governor and ten years in the U.S. House of Representatives. The listing predates disclosure requirements of state and federal law and continues to exceed those requirements.

The Illinois senator lists 1988 income for himself and his wife, Jeanne, totaling $172,088.59. The figure includes his Senate salary, reimbursement for travel and other expenses, honoraria for appearances and other items.

The Simons had assets of $368,835 and liabilities of $197,332 for a net worth of $171,503.

Income statement of Paul and Jeanne Simon—1988

General income (Paul Simon):	
Salary, U.S. Senate	$89,500.00
State of Illinois, general assembly system	17,651.00
Book royalties	13,997.07
U.S. Senate, expense reimbursement	8,545.12
Simon for Senate, expense reimbursement	490.22
Simon for President, expense reimbursement	641.28
Donohue Show, expense reimbursement	17.18
Blue Cross/Blue Shield, reimbursement	44.00
Land's End, refund	10.00
Friends of Phil Sharp, expense reimbursement	5.22
Paul Simon Official Office Account, expense reimbursement	8.80
Saturday Night Live (4 programs)	3,042.00
Illinois Democratic Party, expense reimbursement	394.89
Honoraria (including travel reimbursement) and articles:	
Phillips College, talk	2,000.00
San Diego County Democratic Central Committee, talk	2,000.00
Brotherhood of Maintenance of Way Employees, talk	2,000.00
National Industries for the Blind, talk	1,500.00
Knoxville College, talk	1,228.00
National association of Federal Credit Unions, talk	2,000.00
American Income Life Insurance Company, talk	2,000.00
Association of Trial Lawyers of America, talk	2,000.00
National association of Broadcasters, talk	1,000.00
National Association of Trade & Technical Schools, talk	2,000.00
College of William and Mary, talk	1,710.94
New York Times magazine, article ($500.00 donated to Dana College)	2,500.00
New York Times Magazine, article	300.00
Chronicle of Higher Education, article	200.00
American Foreign Service Journal, article	100.00
General income (Jeanne Simon):	
Salary, Washington Financial Group	800.00
Book Royalty, advance	3,750.00
Chicago Tribune magazine, article	1,500.00
Alison Bunte, travel expense reimbursement	6.00
Illinois Democratic Party, expense reimbursement	21.25
African American Institute, expense reimbursement	821.00
Interest income:	
Franklin Fund	382.00
General American Life	154.00
U.S. Senate Federal Credit Union	299.00
Polish National Alliance, Insurance policy	13.00
U.S. Government	4,503.62
Dividends:	
Adams Express	293.00
Chock Full O'Nuts	3.00
Dreyfus Convertible Securities Fund	134.00
Dreyfus Bond Fund	1,241.00
Gulf & Western	1.00
Lomas Financial Corporation	70.00
Lomas & Nettleton Mgt., Inv. SBI	122.00
Pacific Gas & Electric	96.00
Pax World Fund	177.00
Quaker Oats	32.00
Ralston Purina	18.00
Scott Paper	6.00
SLH Daily Dividend Fund	1.00
Sale of assets: Sold 200 shares of Pacific Gas & Electric, purchased in 1979, 1983 and 1984. Cost $2,694.00. Sold 2-9-89 for $3,453.00; Gain on Sale	759.00
Total income	172,088.59
Gifts, received of more than $25.00 value, outside of immediate family:	
Chinese necklace from Warren Chow	(1)
Bowtie quilt from Mary Nimmo	(1)
Crystal candy dish from Waste Management, Inc.	(1)
Clock radio from General Electric Corp	(1)
Quilt from Pine Ridge Indian Tribe	(1)
Two theater tickets from Dr. Harvey Wachsman	70.00
Pepsi telephone/radio from Nick Maggos	(1)
Coin from Jerry Lee and Kay Queary, Sr	(1)
General assets:	
First Bank of Carbondale, checking account	11.00
Credit Union, Rantoul	11.00
U.S. Senate Federal Credit Union	6,255.00
Franklin Money fund	8,355.00
Shearson, Lehman, Hutton, money funds	185.00
Loan to Senator Paul Simon official office account	2,000.00
U.S. Savings Bonds	3,000.00
Deposit, Harbour Square Apartments	50.00
Christian Church of Salem, bond	250.00
General American Life Insurance, cash value	3,892.00
Polish National Alliance Insurance, cash value	1,984.00
Congressional Retirement System, cash value	52,683.00
Thrift savings plan	895.00
B&T Enterprises	332.00
11.8 Acres and Home, Makanda, IL (appraised in March 1987)	204,000.00
Furniture and Presidential Autograph Collection	18,000.00
1983 Ford Mustang	3,000.00
1980 Chevrolet	1,000.00
Stock and Bond Holdings with Number of Shares:	
Adams Express, 176	2,575.00
Bethlehem Steel, 5	116.00
Borman's, 8	211.00

Chock Full O'Nuts, 10	79.00
Dreyfus Fund, 1,454.6	17,848.00
Dreyfus Convertible Securities Fund, 313	2,770.00
Gulf & Western, 1	41.00
Intergroup, Inc., 24	338.00
Jet-Lite, 120 (approximate)	300.00
Lomas Financial Corp., 100	1,263.00
Lomas & Nettleton Mgt. Invest., SBI, 100	1,800.00
Pax World Fund, 179.8	1,756.00
Quaker Oats, 40	2,130.00
Ralston-Purina, 12	983.00
Rohr Industries, 6	168.00
Scott Paper, 8	314.00
United M & M, 8	26.00
IRA—Paul:	
SLH money funds	904
Adams Express Co., 338	4,943
Amer Income Life Insurance Co., 75	1,322
Pacific Enterprises, 56	2,100
Price Co., 24	900
Quaker Oats Co., 142	7,544
Ralston Purina Co., 10	819
Southwest Water Co., 86	1,398
Total	19,930.00
IRA—Jeanne:	
SLH money funds	733
Adams Express Co., 376	5,499
Amer Income Life Insurance Co., 75	1,322
Liz Claiborne Inc., 32	552
Quaker Oats Co., 4	213
Ralston Purina Co., 24	1,965
Total	10,284.00
Total assets	368,835.00
Liabilities:	
Polish National Insurance, loan	1,392.00
General American Insurance, loan	3,021.00
Landmark Bank, Lebanon, IL, mortgage	155,675.00
Community Trust, Irvington, IL, note	37,244.00
Total liabilities	197,332.00
Total assets	368,835.00
Total liabilities	197,332.00
Net worth	171,503.00

[1] Value unknown.●

TERRY ANDERSON

● Mr. MOYNIHAN. Mr. President, today marks the 1,523d day of captivity for Terry Anderson in Beirut.

I ask that the attached letter written by Terry Anderson in the fall of 1985 be printed in the RECORD.

Re letter follows:

CAPTIVE WRITES THAT HE DREAMS OF HOME

(Here are excerpts from a letter written by captive Terry Anderson, 38, chief Middle East correspondent of The Associated Press, to his family. The letter was dropped off yesterday at the AP's Beirut office.)

Once again, our captors are allowing us to write to you, as well as to the president and others in hopes that perhaps we and you can persuade someone to break this deadlock. This is both a personal letter to all of you and an open letter—I ask that you release to the papers, etc., any part you don't consider too personal.

The three men confined with me . . . and the Bible I was given after the first few weeks, have kept me sane. We have services twice a day, and choose readings in turn. We try to exercise every day, though the room is small. And I'm learning to read French from Tom Sutherland, with the help of a couple of old—and by now tattered—copies of L'Orient le jour.

Keeping occupied is our main problem. It's the only way to keep away the depression.

Reagan says he will not negotiate with terrorists. Where does that leave us? Our kidnapers are not part of a government or any official group that can be pressured by Iran or Syria. How can you pressure a group if you don't know who they are? And how long does he think the group is going to allow him to play around?

Our captors say they've done their best to settle this peacefully, but the U.S. simply says nothing—publicly or privately. However, distasteful it might be, Reagan must negotiate if he cares at all about our well-being. And he must do so soon. William Buckley is dead after 1½ years in captivity. I don't want to share that fate, and neither do Father Jenco, or Tom or David.

I dream every day of the place at Batavia, [N.Y.,—his family's home], and of building a small cottage by the stream, and working to clean the pond in the summers . . . Please make sure to thank personally all those people who have been caring enough to try to help us. I want to thank each of them personally when I'm home.

Important: we have just been told that someone has phoned news media to claim Islamic Jihad has killed us. Obviously this is not true. Our captors say it was an attempt by the U.S. government to disturb the negotiations.●

CHICAGO VOCATIONAL HIGH SCHOOL

● Mr. SIMON. Mr. President, near the end of last year, the U.S. Department of Education announced the nominees for the annual Secondary School Recognition Program. Among the designated schools, I am pleased to announce, were 24 institutions from my home State. The citizens of Illinois recognize and uphold the values of a strong and multifaceted education for their children. I hope that the nominations of these schools epitomize the emphasis that our State places on learning.

I was particularly proud to learn that three schools from the city of Chicago received such recognition. Being the Nation's third largest school district, the city's schools face many challenges. Nonetheless, these schools—Chicago Vocational High School, Hubbard High School, and Kenwood Academy—demonstrate that many of the students and teachers of Chicago are part of an outstanding educational program. The excellence of these schools can serve as an example to others within the city and throughout the entire Nation.

In the case of Chicago Vocational, this recognition is particularly rewarding. In recent years, C.V.S. has broken new ground in enhancing the vocational training that it offers. Among the newest features of the school is an entrepreneurial program which combines the curiosity and energy of the students with the knowledge and experience of the business leaders in the community. The motivation which this program provides serves not only to dissuade potential dropouts, but it also gives the students the hands-on training that will make them the community leaders of tomorrow. This program has also energized the entire C.V.S. community—local businesses, banks, and parents—in a unique manner. By involving these external parties in the educational process, learning is not put on hold when the C.V.S. student leaves his or her classroom.

Mr. President, although these nominations are honorable in and of themselves, I am sorry to hear that the three schools from Chicago will not be considered for the final award. This ineligibility arises not from a fault in their educational program. Instead, the three schools were disqualified based on the city of Chicago's lack of compliance with Public Law 91-142, section 504.

As you may know, this regulation is important in establishing and upholding the civil rights of Americans who are faced with disabilities. Laws such as this ensure that all Americans, regardless of physical characteristics, are free to pursue an education, a career, or any goal which they seek.

The violation of this law is regrettable. It is even more disappointing in that the schools are penalized for a circumstance which they do not control.

At a time when some have questioned the level of Federal funding for our schools, perhaps this will remind us that the only change in this situation should be an increase. Before the U.S. Department of Education can reward local schools with such honors, it must also reward them financially.

Mr. President, my congratulations go to the students, faculty, and parents of all 24 of these schools. I hope that all Members of the Senate share in the pride and esteem I feel. To be recognized among schools across the entire Nation must be very rewarding to the students, faculty, and parents of these schools. Likewise, the education which these young people earn is a reward of the highest value. In the meantime, I would also like to stress to my colleagues that more must be done to ensure that all students of all levels of physical ability may be able to share in these excellent educational opportunities. When that day arrives, we may feel even more pride.●

APPOINTMENTS BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, pursuant to Senate Resolution 222, 93d Congress, appoints the following Senators to serve as ex officio members of the Committee on Commerce, Science, and Transportation for the purpose of participating in the National Ocean Policy Study: The Senator from Hawaii [Mr. MATSUNAGA], the Senator from Maine [Mr. MITCHELL], the Senator from Washington [Mr. ADAMS], the Senator from California [Mr. WILSON], the Senator from Maine [Mr. COHEN], and the Senator from Texas [Mr. GRAMM].

The Chair, on behalf of the President pro tempore, pursuant to Public Law 94-118, reappoints the Senator from Delaware [Mr. ROTH] to Japan-United States Friendship Commission.

The Chair, on behalf of the President pro tempore, pursuant to Public Law 100-204, appoints the Senator from Rhode Island [Mr. PELL] as a member of the U.S. Commission on Improving the Effectiveness of the United Nations.

The Chair, on behalf of the President pro tempore, pursuant to Public Law 93-29, as amended by Public Law 98-459, appoints Patricia A. Riley, of Maine, to the Federal Council on the Aging, vice Jon B. Hunter.

APPOINTMENTS BY THE MAJORITY LEADER

The PRESIDING OFFICER. The Chair, pursuant to section 403(a)(2) of Public Law 100-533, announces on behalf of the majority leader his appointment of the following individuals to the National Women's Business Council: Mary Ann Campbell, of Arkansas, and Virginia Littlejohn, of Maryland.

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

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

The legislative clerk proceeded to call the roll.

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

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

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations:

Calendar 101. David C. Mulford to be an Under Secretary of the Treasury;

Calendar 102. Robert R. Glauber to be an Under Secretary of the Treasury;

Calendar 124. Phillip D. Brady to be General Counsel of the Department of Transportation;

Calendar 126. David P. Prosperi to be an Assistant Secretary of Transportation;

Calendar 127. Thomas J. Collamore to be an Assistant Secretary of Commerce;

Calendar 128. Michael R. Darby to be an Under Secretary of Commerce for Economic Affairs;

Calendar 130. Richard T. Crowder to be a Member of the Board of Directors of the Commodity Credit Corporation;

Calendar 131. Jack C. Parnell to be a Member of the Board of Directors of the Commodity Credit Corporation;

Calendar 132. Franklin E. Bailey to be an Assistant Secretary of Agriculture;

Calendar 133. Charles E. Hess to be an Assistant Secretary of Agriculture;

Calendar 134. Jo Ann D. Smith to be an Assistant Secretary of Agriculture; and

Calendar 135. Frank Q. Nebeker to be chief judge of the U.S. Court of Veterans Appeals.

I further ask unanimous consent that the nominees be confirmed, en bloc, that any statements appear in the RECORD as if read, that the motions to reconsider be laid upon the table, en bloc, that the President be immediately notified of the Senate's action, and that the Senate return to legislative session.

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

Without objection, the nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF THE TREASURY

David Campbell Mulford, of Illinois, to be an Under Secretary of the Treasury.

Robert R. Glauber, of Massachusetts, to be an Under Secretary of the Treasury.

DEPARTMENT OF TRANSPORTATION

David Philip Prosperi, of the District of Columbia, to be an Assistant Secretary of Transportation.

DEPARTMENT OF COMMERCE

Thomas Jones Collamore, of the District of Columbia, to be an Assistant Secretary of Commerce.

Michael Rucker Darby, of Texas, to be Under Secretary of Commerce for Economic Affairs.

DEPARTMENT OF AGRICULTURE

Richard Thomas Crowder, of Minnesota, to be a Member of the Board of Directors of the Commodity Credit Corporation.

Jack Callihan Parnell, of California, to be a Member of the Board of Directors of the Commodity Credit Corporation.

Franklin Eugene Bailey, of Virginia, to be an Assistant Secretary of Agriculture.

Charles E. Hess, of California, to be an Assistant Secretary of Agriculture.

Jo Ann D. Smith, of Florida, to be an Assistant Secretary of Agriculture.

U.S. COURT OF VETERANS APPEALS.

Frank Quill Nebeker, of Virginia, to be chief judge of the U.S. Court of Veterans Appeals for the term of 15 years.

NOMINATION OF HON. FRANK Q. NEBEKER TO BE CHIEF JUDGE OF THE U.S. COURT OF VETERANS' APPEALS

Mr. CRANSTON. Mr. President, as chairman of the Committee on Veterans' Affairs, I am pleased to rise in support of the President's nomination of Frank Q. Nebeker to be the first chief judge of the U.S. Court of Veterans' Appeals.

Our committee held a hearing on this nomination on Monday, May 15, and then met on Tuesday, May 16, and voted unanimously to report the nomination favorably to the full Senate.

BACKGROUND

Mr. President, the Senate consideration of this nomination is one of a number of very meaningful, truly historic events that are occurring this year as the result of the enactment last year of laws elevating the Veterans' Administration to Cabinet-level status (Public Law 100-527) and providing for judicial review of the denials of veterans' claims for benefits and establishing the new court of veterans' appeals (Public Law 100-687).

In March, the Senate confirmed the nominations of Edward J. Derwinski and Anthony J. Principi to serve as the first Secretary and Deputy Secretary, respectively, of Veterans' Affairs. On March 15 we celebrated the establishment of the Department of Veterans' Affairs. Those events were manifestations of the very high level of appreciation of the American people for the courage, service, and sacrifices of those who have served in the Armed Forces and of the great importance that the Nation attaches to the programs by which we seek to meet our obligations to our Nation's veterans.

This nomination symbolizes Congress' recognition of the fact that those whose service has preserved our government of laws not of men are entitled to a full measure of justice in their relations with their Government.

The sustained effort in the Senate to provide for judicial review of VA decisions denying claims for benefits covered a span of nearly 13 years. Members of our committee worked long and hard and played vital roles in developing legislation to ensure that veterans have access to the courts and to the assistance of counsel. Thus, this nomination is specially significant for our committee, and we are delighted to be able to support this nominee.

QUALIFICATIONS OF NOMINEE

Mr. President, many aspects of Judge Nebeker's background make him eminently qualified to be the first chief judge of the new veterans' court. Committee staff has thoroughly reviewed his questionnaire and financial statements, and we are assured that there are no financial conflicts.

Judge Nebeker's qualifications are very impressive: During more than a decade as an assistant U.S. attorney in Washington, DC, including 8 years as appellate division chief, he gained wide experience and expertise in the field of judicial review of administrative actions.

For the next 18 years, until 1987, he served as an associate judge of the District of Columbia Court of Appeals—the District of Columbia's highest court. Committee staff has undertaken a painstaking review of a substantial sampling of Judge Nebeker's opinions as an appellate judge—including the opinions cited in his questionnaire and opinions in areas analogous to veterans' claims for benefits. Those opinions disclose strong intellect, fairmindedness, and clear, concise expression.

Throughout his service on the appeals court, Judge Nebeker was active as a leader in the continuing education of Federal and State appellate judges. He has planned and taught seminars on appellate advocacy and opinion writing and helped found the appellate judges graduate program at the University of Virginia.

For the past 1½ years Judge Nebeker has served with distinction as the Director of the Office of Government Ethics.

What I have just described is an outstanding background for a chief judge of this new court of veterans' appeals, but there is one other valuable and practical facet of Judge Nebeker's experience. He was a very active member of the committee that planned the current D.C. Court of Appeals courthouse, and he has just completed moving the Office of Government Ethics into new offices. Those experiences have given him invaluable experience in construction and logistics and in relationships with the General Services Administration that can be well used in finding the new court an immediate, temporary home, and, eventually, permanent offices and courtrooms.

By coincidence, he has told us that he believes he can obtain the old Government Ethics Office space as the court's initial temporary home.

MEMBERSHIP IN PRIVATE CLUBS NOT ADMITTING WOMEN

Mr. President, there is one aspect of Judge Nebeker's background which has caused concern—his memberships in two local organizations, the Cosmos Club, which until May 1988 had a policy excluding women from membership, and the Lawyers Club, which has no such written policy, but, as matter of practice, has never admitted a woman to membership.

The American Bar Association's commentary to Canon 2 of its Code of Judicial Conduct states:

It is inappropriate for a judge to hold membership in any organization that practices invidious discrimination on the basis of race, sex, religion, or national origin.

In the case of another judicial nomination involving the question of membership in a discriminatory private club, that of Vaughn Walker to the U.S. District Court for the Northern District of California, I expressed, in an April 4 letter to the chairman of the Judiciary Committee, my opposition to that nomination. In Mr. Walker's case, I concluded that his actions and statements regarding his membership in the Olympic Club of San Francisco, which has a written membership policy excluding women, demonstrated an attitude and an insensitivity which is unacceptable for a member of the Federal judiciary.

I believe that the proper procedure is for the Senate to make careful, case-by-case, determinations in each case of membership in a discriminatory club and not to apply an overarching policy that fails to distinguish the line between a nominee who is really working for constructive change and one who merely says he is. In the Walker and Nebeker cases, I see very significant differences.

First, on the issue of working for change within the club, there is no evidence that prior to being nominated, Mr. Walker had done anything—other than vote—to open the Olympic Club to women. Judge Nebeker has a record, substantiated by committee staff investigation, of having worked extensively and successfully to bring about the admission of women to the Cosmos Club. In his own words, he went "far beyond a mere offer to support another's efforts." He indicates he is seeking to do the same thing in the Lawyers Club, and his record in such activities at the Cosmos Club lends credibility to his assertion.

Second, Mr. Walker defended the Olympic Club's discriminatory policy—although saying he opposed it—and mischaracterized the club's position on maintaining that policy. He described the club as moving toward change, when in fact it was deeply involved in hostile litigation and strenuously fighting coverage under a San Francisco antidiscrimination ordinance, and he asserted that the exclusion of women was different from the exclusion of blacks since women and other athletic facilities in San Francisco they could use. Judge Nebeker's attitude toward the problem is very different. He does not defend the exclusion, but simply stated, in his May 3 letter to me, that it is "an outmoded tradition reflective of a period of male dominated commercialism" and hence is susceptible to efforts to overcome the "inertia of the past." He also stated in that letter, "[I]f I saw no chance for change, I would have left the club * * *."

Third, the nature of the clubs is quite different. The Olympic Club until last year excluded both women and minorities, membership being limited in the bylaws to white males as late as 1968. The Lawyers Club, in contrast, has no formal policy of exclusion, and we have no evidence that any woman has ever been turned down because of her gender. Given the fact, according to Judge Nebeker, that two women are currently being nominated, it seems reasonable for him to await the outcome of the current efforts he and others are undertaking to admit women to membership. In this regard, I am pleased to note the optimistic view he expressed at his hearing that women might be admitted as soon as next week.

In sum, I believe that the Nebeker record of working for change is very different from the Walker record of defending his club's discriminatory practices and belatedly resigning upon his second nomination.

At the hearing on his nomination, Judge Nebeker agreed to let me know if and when the Lawyers Club admits any women as members and, if it has not done so by the end of this year, to report back to me then with respect to his intention at that time with respect to continuing his membership.

In view of all these considerations, although I do not share Judge Nebeker's narrow interpretation of the term "invidious discrimination," as expressed in his May 3 letter, his views and activities in this area pose no barrier to my support of his nomination.

Mr. President, I ask unanimous consent that copies of my April 20, 1989, letter to Judge Nebeker—with enclosures—and his May 3 response be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

PRELIMINARY PREPARATIONS FOR ESTABLISHING THE NEW COURT

Mr. CRANSTON. Mr. President, before closing, I would like to comment on the effort Judge Nebeker has been making in recent weeks to plan and make preliminary preparations for the myriad tasks that must be completed for the new court to hit the ground running on September 1. In an April 10, 1989, letter to him I recommended, in view of the short period available, that he feel free to proceed with such activities during the pendency of his nomination, and he has been diligently doing so. He has also undertaken a review of the enabling legislation and provided the staff of both Committees on Veterans' Affairs with several excellent recommendations for revisions. Some of his proposals require prompt action, and I have been pursuing them in the context of both the fiscal year 1989 supplemental appropriations bill and a measure and

House committee Chairman MONTGOMERY and I are developing together.

Mr. President, I ask unanimous consent that a copy of my April 10 letter to Judge Nebeker be printed in the RECORD after the other letters that I have asked to be printed at the conclusion of my remarks.

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

(See exhibit 2.)

CONCLUSION

Mr. CRANSTON. Mr. President, I am happy to be able to recommend to the Senate the confirmation of the nomination of Judge Nebeker to serve as chief judge of the U.S. Court of Veterans' Appeals and urge that my colleagues vote unanimously in support of this excellent nomination.

EXHIBIT 1

COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, April 20, 1989.

Hon. FRANK Q. NEBEKER,
Arlington, VA.

DEAR FRANK: It was good to meet with you on April 14 and learn about your thoughts for the new Court of Veterans Appeals. I am writing in follow-up to our discussions in that meeting on the issue of membership in clubs and organizations that have exclusionary membership practices—including your membership in the Lawyers' Club, a club that has no women members or associate members.

As you will recall, we discusssed the American Bar Association's admonition, in the commentary on Canon 2 of its Code of Judicial Conduct, against judges' membership in organizations which practice "invidious discrimination". You related your interpretation of this canon as being directed against discrimination that entails "holding out the excluded as unworthy".

The relevant portion of Canon 2 states: "A judge should respect and comply with the law and should conduct himself at all times in a manner that promotes public confidence in the integrity and impartiality of the judiciary."

The relevant portion of the commentary on this point states:

"It is inappropriate for a judge to hold membership in any organization that practices invidious discrimination on the basis of race, sex, religion or national origin. Membership of a judge in an organization that practices invidious discrimination may give rise to perceptions by minorities, women and others, that the judge's impartiality is impaired. Whether an organization practices invidious discrimination is often a complex question to which judges should be sensitive. The answer cannot be determined from a mere examination of an organization's current membership rolls but rather depends on the history of the organization's selection of members and other relevant factors. Ultimately, each judge must determine in the judge's own conscience whether an organization of which the judge is a member practices invidious discrimination."

On this issue of what constitutes invidious discrimination, I note the comments made by then-Judge Anthony Kennedy in connection with his December 15-17, 1987, confirmation hearing before the Senate Judiciary Committee on his nomination to be an Associate Justice of the Supreme Court. When asked whether any of the clubs to which he had belonged practiced invidious discrimination within the meaning of the ABA Code, Judge Kennedy replied:

"As far as I am aware, none of these policies or practices were the result of ill-will. I recognize nonetheless that real harm can result from membership exclusion regardless of its purported justification. Therefore, I have supported efforts to broaden the membership of clubs to which I have belonged as a circuit judge and have resigned when those efforts have appeared to be unlikely to succeed."

Judge Kennedy further stated that "none of these clubs practiced invidious discrimination. That term is not a precise and crystal clear term." He added: "There is no question that the injury and the hurt and the personal hurt can be there, regardless of the motive."

When Judge Kennedy was asked why it took him so long to resign from the Olympic Club (which excludes women from membership), he responded:

"Discrimination comes from several sources. Sometimes it is active hostility. And sometimes it is just insensitivity and indifference. And over the years, I have tried to become more sensitive to the existence of subtile barriers to the advancement of women and of minorities in society. And this was an issue on which I was continuing to educate myself."

Given Judge Kennedy's interpretation of what constitutes invidious discrimination, and based on my own reading of the canon, I am concerned about the interpretation you presented at our April 14 meeting, and invite written amplification from you about the basis for your interpretation and its application to the Lawyers' Club.

With specific regard to your associate membership in the Lawyers' Club, U.S. Circuit Judge Kenneth Starr, who, as you know, has been nominated for the position of Solicitor General, responded to the Senate Judiciary Committee in his Committee questionnaire (pertinent pages are enclosed) that he was an associate member of the Club from December 30, 1987, but had tendered a resignation letter dated March 31, 1989. He stated in the questionnaire: "I have therefore withdrawn from the group, in view of concerns over the appearance of a prospective officer of the Department of Justice serving as a member of a gender-exclusive organization of professionals."

With regard to the possibility of the Lawyers' Club changing its practices of excluding members on the basis of sex, Judge Starr stated in his responses to the Judiciary Committee's questionnaire:

"Several months after joining the Lawyer's Club, I indicated to Chief Judge Howard Markey (U.S. Court of Appeals for the Federal Circuit), who is likewise an associate member, that I would support informal efforts then underway to encourage opening the group to women. I have recently been advised by Chief Judge Markey, that in his considered view, no change in policy is likely to occur in the forseeable future."

At our meeting, you expressed a different opinion regarding the possibility of a change in membership practices, and I would appreciate your sharing with the Committee the basis for your opinion in this regard. I also invite you to share with us a detailed description of your personal efforts (and copies of any letters or other documents you prepared) to encourage the Lawyers' Club to admit women as members and associate members, as well as the same type of information with respect to your efforts regarding the Cosmos Club.

I find myself in agreement with Judge Kennedy's admirable sensitivity on this issue, stressing the impact on and the perception of the excluded rather than the intent or motive of the excluders and referring to his growing sensitivity "to the existence of subtle barriers to the advancement of women and minorities in society." Similarly, Judge Starr seems to have understood well the unacceptable appearance of membership "in a gender-exclusive organization of professionals" on the part of a Department of Justice official. I very much hope that you will reconsider your view on this matter in light of the positions taken and sensitivities displayed by these two prominent jurists.

Finally, to acquaint you further with my position on these matters, I am enclosing a copy of my April 4, 1989, letter to Senator Joseph Biden, Chairman of the Senate Judiciary Committee, concerning the nomination of Vaughn Walker to the U.S. District Court for the Northern District of California.

I look forward to receiving your responses at your earliest convenience.

With warm regards,

Cordially,

ALAN CRANSTON,
Chairman.

I. BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (including any former names used): Kenneth Winston Starr.

2. Address: List current place of residence and office address(es): 6455 Madison Court, McLean, Virginia 22101. United States Court of Appeals, United States Courthouse, 3rd & Constitution Ave., N.W., Washington, D.C. 20001.

3. Date and place of birth: July 21, 1946 Vernon, Texas.

4. Marital Status (including maiden name of wife, or husband's name). List spouse's occupation, employer's name and business address(es):

Married—Alice M. Starr; (Maiden name) Alice Jean Mendell; Advertising and Public Relations Consultant, WEST*GROUP, 1600 Anderson Road, McLean, Virginia 22102.

5. Education: List each college and law school you have attended, including dates of attendance, degrees received, and dates degrees were granted:

Duke University School of Law, 1970-1973, J.D. (1973).

Brown University, 1968-1969, A.M. (1969).

George Washington University, 1966-1968, A.B. (1968).

Harvard University, Summers, 1967-1968.

San Antonio College, Spring 1966, Summer 1964.

Harding College, 1964-January 1966.

III. GENERAL (PUBLIC)

1. An ethical consideration under Canon 2 of the American Bar Association's Code of Professional Responsibility calls for "every lawyer, regardless of professional prominence or professional workload, to find some time to participate in serving the disadvantaged." Describe what you have done to fulfill these responsibilities, listing specific instances and the amount of time devoted to each.

Since 1983, my service as a judge has prevented my engaging in the practice of law in any fashion. Consistent with my judicial responsibilities, however, I have worked actively in organizations or groups seeking to improve the administration of justice, including prison conditions in the United

States. For example, I served as a member of the Task Force on Prison Industries, an ad hoc organization formed by Chief Justice Burger to facilitate the development of meaningful training and vocational opportunities for prison inmates. In addition, I have served as a charter member of the Committee on Community Corrections, an ad hoc group of federal and state officials (and the broader legal community) seeking to foster, in an area of overcrowded prisons, public awareness of alternative means of punishment and incarceration. I have also served as chairman of the D.C. Circuit's Committee on the Bicentennial of the Constitution, which has sponsored educational programs related to the Constitution for the benefit of the general public (including students) as well as the bench and bar. Finally, I have been actively involved, including providing in-house legal services, with a non-profit corporation that provides housing for mentally retarded adults in Northern Virginia.

Throughout my work in private practice, I made myself available to handle pro bono matters. Shortly after joining the firm in Los Angeles (in 1974), I handled (successfully) a state criminal charge against an individual. The charge (grand theft auto) was dismissed prior to trial following negotiations with the Inglewood, California prosecutor. I also handled a landlord-tenant dispute for the same individual following completion of the criminal proceedings.

In Washington, D.C., I volunteered for the D.C. Bar's list of attorneys to handle pro bono matters. By referral from the bar, I was primarily involved in a sensitive, protracted domestic relations matter, including obtaining emergency injunctive relief by virtue of spousal abuse difficulties. Ultimately, the matter resulted in a divorce decree to my client's satisfaction.

2. Do you currently belong, or have you belonged, to any organization which discriminates on the basis of race, sex, or religion—through either formal membership requirements or the practical implementation of membership policies? If so, list, with dates of membership. What you have done to try to change these policies?

For a brief period (from Dec. 30, 1987 until resignation by letter dated March 31, 1989), I was an associate member, Lawyer's Club of Washington. The club is a social organization of lawyers and judges in Washington D.C. It has no place of business, license or the like. It meets periodically as a group for lunches, and has two dinners annually. Several months after joining the Lawyer's Club, I indicated to Chief Judge Howard Markey (U.S. Court of Appeals for the Federal Circuit), who is likewise an associate member, that I would support informal efforts then underway to encourage opening the group to women. I have recently been advised by Chief Judge Markey that, in his considered view, no change in policy is likely to occur in the foreseeable future. I have therefore withdrawn from the group, in view of concerns over the appearance of a prospective officer of the Department of Justice serving as a member of a gender-exclusive organization of professionals.

Member, United Methodist Men, Trinity Methodist Church, McLean, VA., from 1978–present. I have no plans to withdraw from participation in the United Methodist Men. Each congregation of the United Methodist Church has a women's (United Methodist Women) and men's (United Methodist Men) organization dedicated to spiritual and social purposes. I am aware of no sentiment whatever that these time-honored, religious-related organizations are in any way inappropriate or improper, nor am I aware of any effort (or even any suggestion) within the United Methodist Church to disband such organizations.

EXHIBIT 2

U.S. SENATE,
Washington, DC, April 4, 1989.

Hon. JOSEPH R. BIDEN, Jr.,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR JOE: I am returning to you the four blue slips I received from the Judiciary Committee dated March 17, 1989, regarding the nominations of Ferdinand F. Fernandez and Pamela Ann Rymer to the U.S. Court of Appeals for the Ninth Circuit, Robert C. Bonner to the U.S. District Court for the Central District of California, and Vaughn Walker to the U.S. District Court for the Northern District of California. My recommendations are affirmative regarding the Fernandez, Rymer, and Bonner nominations and, for the reasons set forth below, negative regarding the Walker nomination.

With respect to the Bonner nomination, I want to express my objection to the procedure of requesting action on a blue slip for a nomination for which there is, as yet, no vacancy. In this case, the position for which Mr. Bonner has been nominated will not become vacant until Judge Rymer's nomination to the Ninth Circuit has been confirmed. In the interests of assisting the Judiciary Committee in moving ahead as expeditiously as possible with regard to the pending nominations, however, I am returning the Rymer and Bonner blue slips simultaneously. I wish to make clear that I continue to oppose this procedure, and my acquiescence in this instance should not be interpreted as approval of the procedure in the case of future nominations.

With respect to the Walker nomination, I have given careful consideration to whether Mr. Walker should be confirmed for a lifetime appointment to the federal bench. I have reached the conclusion that his actions with respect to his membership in a discretionary club are disqualifying. His persistent refusal to terminate his membership in this club and his testimony regarding this issue at the Judiciary Committee's hearing in the last Congress demonstrates an attitude and an insensitivity which is unacceptable for a member of the federal judiciary.

The commentary to Canon 2 of the American Bar Association Code of Judicial Conduct explicitly states that "it is inappropriate for a judge to hold membership in any organization that practices invidious discrimination on the basis of race, sex, religion, or national origin".

The Judiciary Committee is familiar with the discriminatory membership policies of the club at issue in the Walker nomination—the Olympic Club of San Francisco—since these policies were discussed at length during the Committee's consideration of the nomination of Anthony Kennedy in December of 1987.

Judge Kennedy's perception of the problem that arose from his membership in the Olympic Club and his resolution of the issue stand in stark contrast to Mr. Walker's. Judge Kennedy had resigned from the Olympic Club in November of 1987, following a vote by the club's members against a plan that would have admitted women. Judge Kennedy, in his testimony before the Judiciary Committee, demonstrated repeatedly his own growing awareness of and sensitivity to the problems arising from membership in a private club which discriminates against women and minorities and the need for judges to take action to terminate membership in such a club. In response to questions regarding "why did it take so long" for him to resign from the Olympic Club, Justice Kennedy responded:

"Discrimination comes from several sources. Sometimes it is active hostility. And sometimes it is just insensitivity and indifference. And over the years, I have tried to become more sensitive to the existence of subtle barriers to the advancement of women and of minorities in society. And this was an issue on which I was continuing to educate myself."

Substantial weight was also given to the fact that Judge Kennedy had previously resigned from a discriminatory club in his home community in 1980. He also testified very firmly and forthrightly that "constitutional and public morality make race or sex distinctions unacceptable for membership" in these private clubs.

The Judiciary Committee in its report on the Kennedy nomination expressed the hope that Judge Kennedy's conduct in resigning from the Olympic Club would set a "positive example for other judges and judicial nominees".

In contrast, for more than a year, Mr. Walker has refused to take such action and, in his testimony before the Committee, attempted to defend the club's discriminatory policies by seeking to cast them in a favorable, but factually incorrect, light.

For example, Mr. Walker testified to the Committee last June, "In the past, there had been no formal exclusion of blacks or, indeed, any other racial minorities". (Transcript, June 13, 1988, p. 38.) That statement is contradicted by an August 8, 1988, letter to the Judiciary Committee from George Riley, the Special Assistant to the San Francisco City Attorney. He stated:

"From its inception, the bylaws of the Olympic Club restricted membership to "only white male citizens of the United States of good moral character, integrity and reputation." This policy of racial segregation was challenged in 1967 when community groups and others brought pressure against the Club. Nevertheless, the Board of Directors unanimously elected to retain the whites only membership restriction. A year later, this ban against minorities was quietly dropped."

Mr. Walker also characterized the Olympic Club as having completed "substantial" change and having "promise of future change" with respect to admission of black individuals to membership. (Transcript, June 13, 1988, P. 41.) Mr. Riley, in his August 8 letter, however, indicated that the club had not admitted any blacks until the spring of 1988 when "in response to the pending lawsuit [by the City of San Francisco against the Olympic Club based upon violations of state civil rights laws], the club announced that it admitted two black men into its membership of more than 4,700 voting members."

The Committee has also received a copy of a press release of the Olympic Club, dated June 30, 1988, describing certain actions taken by the Board of Directors regarding procedures for monetary transactions expressly adopted for the purpose of avoiding coverage under the San Francisco City ordinances prohibiting discrimination by certain clubs. This release which concludes with the statement that the Olympic Club was taking these actions to "defend

the fundamental rights of its members against the strong arm of political oppression" is wholly inconsistent with Mr. Walker's characterization of an organization voluntarily moving towards compliance with basic civil rights principles.

With respect to the issue of discrimination against women, the record also indicates numerous statements by Mr. Walker attempting either to defend the club's policies or to diminish the significance of this issue.

For example, he stated in his testimony that the club had defeated "on a very close vote" a referendum to change the bylaws on admission of women to full membership. (Transcript, June 13, 1988, p. 38.) In fact, this referendum—which is the same vote which precipitated Judge Kennedy's resignation from the Olympic Club—was defeated by a vote of 1,540 to 2,082.

During this testimony, Mr. Walker stated that a woman's athletic club offering athletic facilities was within a block of the Olympic Club and indicated his view that the availability of an alternative facility for women made their exclusion from membership in the Olympic Club "distinguishable" from the exclusion of blacks. (Transcript, June 13, 1988, p. 42.)

Mr. Walker also repeatedly asserted during this testimony that the club was making progress toward eliminating discrimination against women. (Transcript, June 13, 1988, p. 46.) These statements appear to have little factual basis and were refuted in Mr. Rilery's letter to the Committee which recites, in detail, the steps the club had taken to defend its discriminatory practices in the litigation brought against the club by the City of San Francisco.

In sum, for well over a year, Mr. Walker has defended his continued membership in this discriminatory club and has failed to acknowledge the impropriety of maintaining membership in such a club and appointment to the federal bench. Although he has expressed his own opposition to the continued exclusion of women from the Olympic Club and urged a repeal of its exclusionary rule, his testimony and statements on the subject demonstrated a fundamental lack of understanding of the significance of this issue. Indeed, his testimony that the existence of a nearby women's athletic club made the issue of invidious discrimination based on sex different from that based upon race suggests a gross insensitivity—in marked contrast to Judge Kennedy's understanding—regarding the damage that exclusionary membership policies generate—even if other facilities are available to serve those denied admission.

This insensitivity is also expressed in the July 18, 1988, letter to the editor of an Olympic Club publication from Mr. Walker. In that letter, one argument he makes is that the policy has put nominees to the federal bench, like himself, "on the spot" and that other public servants are "next in line as targets of rules prohibiting or inhibiting membership in a single sex club". Although the same letter begins by urging the change on the basis of "fairness", his emphasis and approach to this issue is, again, fundamentally different from Judge Kennedy's.

The contrast between Judge Kennedy's statements regarding the Olympic Club's policies and those made by Mr. Walker is striking, and, in light of these statements, it is not at all surprising that Judge Kennedy resigned following the defeated referendum on membership for women while Mr. Walker chose to retain his membership.

Mr. Walker's basic perspective on this issue and his defense of the club's position cannot, in my view, be rectified by a belated resignation, calculated to win confirmation rather than prompted by recognition of the impropriety of maintaining such a membership.

There are additional controversies regarding Mr. Walker raised in connection with his demeanor and handling of the Gay Olympics litigation which are relevant in terms of the nominee's potential judicial temperament. These issues have not been satisfactorily factually resolved because, in part, of the assertion of attorney-client privileges. I am persuaded, however, that Mr. Walker's actions with respect to his membership in a discriminatory club are by themselves disqualifying.

For the Senate to approve this nomination would send a very inappropriate message to women and minority individuals in California and throughout the nation. I am unaware of any other instance where the Committee has knowingly approved a judicial nominee who has taken the position espoused by Mr. Walker with respect to the appropriateness of continued membership in a discriminatory club. I urge that the nomination of Vaughn Walker not be approved.

Cordially,

ALAN CRANSTON.

ARLINGTON, VA, *May 3, 1989.*

Hon. ALAN CRANSTON,
Chairman, Committee on Veterans Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I have your letter and enclosures of April 20, 1989, wherein you ask that I share further with you my basis for believing that, despite Chief Judge Markey's view, membership in the Lawyers' Club of Washington will soon include women. You have also asked that I detail my personal participation in efforts to encourage that group and the Cosmos Club to admit women.

I do not share Judge Markey's opinion that admitting women into the Lawyers' Club is unlikely in the foreseeable future. I do not know the basis for his view or any factual predicate for it. The club has existed for 87 years. Its most senior member joined in 1939. If I believed as Judge Starr does that Chief Judge Markey is correct, I would have left the club. But I believe that this kind of change can be brought about best from within. And while, indeed, I acknowledge the validity of your point about perception and share it, my view is that more can be done in this instance to bring about change within the group than by shunning it or walking away. To be sure, a group which invidiously discriminates is vastly different. But as Justice Kennedy observed about the difficulty of defining these words, precision is illusive. Nonetheless, resort to the *Webster's Third New International Dictionary,* 1976—a date approximating the time the commentary to Canon 2 was under consideration—does reveal that the word invidious is about eight or nine on a language "Richter scale." It is a word connoting defamatory, hateful, obnoxious and odious. These words, particularly "odious," are far more severe than the one I used on April 14. "Odiousness" is defined as the state of being subjected to widespread or deep hatred or condemnation often marked by loathing or contempt. As with Justice Kennedy, I would not have joined a group with such practices. But that is a different case from that of a group which, absent those traits, has adhered to an outmoded tradition reflective of a period of male dominated commercialism. It is there that interstitial efforts can be fruitful in overcoming the inertia of the past.

The constitution and bylaws of the Lawyers' Club do not preclude the admission of women. (The occasional use of a masculine pronoun is not, to my knowledge, considered exclusive, but in the vein of its universal usage.) Therefore, no formal written proposals to change a governing document by democratic process have been in order. Thus, my efforts at fostering a change in the practice of all male membership have been to encourage the members to recognize that for our limited purposes women members would be welcomed. These efforts included importuning the past presidents over the years of my associate membership and seeking numerous suggestions from them and the secretary as to the best candidates to propose to break the barrier. I remind you that as an associate member, I do not have a vote. I know of no member who has expressed a negative view to the admission of women, although there is plenty of sentiment against being forced by law to do so. Nonetheless, I adhere to the view that since the group is exclusively for lawyers and judges, it ought to and will react favorably to nominations of women for membership. There are many others in the club working for such result and I have been advised that nominations of women for membership have been recently made and are in the process of being made. I, thus, remain convinced that Judge Markey's prediction is in error.

I observe that any change within the Lawyers' Club must result from a genuine desire not only for such change, but for the benefit of real social and professional companionship of women. To do less would smack of tokenism and be an insult to the women nominated. I will not be a party to such a disingenuous exercise. Accordingly, there is a need for delicate planning, which I believe, I can participate in as an associate member to bring about that change. I have spoken to a number of women as to their willingness and desire to join the group.

I would like also to address your expressed desire (page 3 of your letter) that I reconsider my view in light of those of Justice Kennedy, Judge Starr, and your reference to your views in your enclosed letter about the Walker nomination. As I said above, if I saw no chance for change, I would have left the club; but I see the change as very close at hand. I trust you do not mean to suggest that I resign simply because of your expressed concern, for I share your view that a belated resignation is subject to an interpretation of being motivated by desire for confirmation and would not be a positive example for other judges and judicial nominees which we both seek. Moreover, I respectfully submit that my open approach to these issues, as evidenced by my efforts to bring about change in the two groups under discussion (one successfully), distinguishes my case from your view of Mr. Walker and dispels any appearance of impropriety from membership as such. In light of your particular interest in ensuring that judicial and other nominees are committed to equal opportunity for women, I add to my response that during the past 18 years as a judge, I have never hesitated to select a woman as my law clerk which my record will reflect.

My efforts at the Cosmos Club date back three or four years. As a new member, I felt any earlier effort would be dismissed as that of an upstart. I have held no office on any standing committee of the club. However,

because of my expression of interest in this issue—particularly to many older active members—I was asked to serve and did serve on an ad hoc legal affairs committee to deal with this matter. Shortly thereafter, the club Board itself proposed a bylaw change making women eligible for membership. My participation thereafter was extensive, but as with the Lawyers' Club, I drafted no letters or documents. Like Justice Kennedy and Judge Starr, I kept my efforts informal, though I went far beyond a mere offer to support another's effort. It seems to me that a public detailing of my participation in the effort at the Cosmos Club could set a precedent which would operate to chill willingness of others to undertake similar efforts in other clubs. In addition, to do so would involve others who legitimately wish their privacy to be maintained. Accordingly, I prefer simply to describe my participation as quite extensive. I am at liberty, however, to invite you to contact Mr. Tedson Meyers, President of the Cosmos Club, who will verify the extent of my efforts. I believe a member of your staff at our April 14 meeting suggested he knew or had spoken or planned to speak with Mr. Meyers. He can also affirm that many women have been admitted to the club, two of whom I sponsored.

In conclusion, I observe that there seems to be at least two ways of bringing about a societal change reflective of the fact women and minorities are now a part of the mainstream of the nation. One is to bring legal and suasive pressure on exclusive groups. You and others have had success in such endeavors. I, on the other hand, have worked openly from within the two groups to which I belong, likewise with considerable success. Each of us, I submit, has demonstrated a common commitment to equality of reward for each citizen according to ability and without regard for notions of historic prejudices.

Sincerely,

FRANK Q. NEBEKER.

U.S. SENATE,
Washington, DC, April 10, 1989.

Hon. FRANK Q. NEBEKER,
2360 North Vermont Street, Arlington, VA.

DEAR JUDGE NEBEKER, I want to extend to you my congratulations on your nomination by President Bush to be the Chief Judge of the new United States Court of Veterans Appeals. Your nomination is a truly historic occasion.

Since the Court is an entirely new institution, there are a great many administrative and logistical tasks that need to be accomplished in order for it to begin operations, as provided in the Veterans Judicial Review Act, on September 1 of this year. As I believe you are aware, arrangements must be made as soon as possible to obtain space for a courtroom and offices for immediate as well as intermediate and long-term use. In addition, plans and a budget for necessary furnishings, equipment, supplies, and staffing must also be prepared without delay if the Court is to begin functioning efficiently.

Thus, I would like to assure you that it would not be considered presumptuous for you, during the pendency of your nomination in the Senate, to begin making whatever contacts and plans you consider necessary to ensure that appropriate arrangements are made with respect to matters such as a budget, funding, space, personnel, furnishings, supplies, and equipment for the Court. In this regard, I would note that the September 1 starting date is not readily susceptible to postponement in light of the fact that cases already exist in which the right to appeal to the Court is inherent and their numbers can be expected to grow rapidly in the coming weeks and months.

In connection with the Committee's consideration of your nomination, I request, as has already been discussed with you by Committee staff, that you provide the Committee with a signed statement from your physician as to your current health status. The statement should include descriptions of any current health problems (and any medications prescribed to treat them), and of any problems that have occurred within the past 5 years, that may have a bearing on your ability to carry out the duties of the Chief Judge for the 15-year term for which you have been nominated. This document should be submitted to the Committee in a sealed envelope marked "Attention: Edward P. Scott, General Counsel".

I appreciate your cooperation and look forward to meeting with you in the near future.

With best personal regards,

Sincerely,

ALAN CRANSTON,
Chairman.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now resume legislative session.

PROVIDING FOR A CONDITIONAL RECESS OR ADJOURNMENT OF THE SENATE

Mr. MITCHELL. Mr. President, I send a concurrent resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the concurrent resolution.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 38) providing for a conditional recess or adjournment of the Senate from May 18 or 19, 1989, until May 31, 1989, and a conditional adjournment of the House from May 25, 1989, until May 31, 1989.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to, as follows:

S. CON. RES. 38

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns at the close of business on Thursday, May 18, 1989, or Friday, May 19, 1989, pursuant to a motion made by the majority leader, or his designee, in accordance with this resolution, it stand recessed or adjourned until 2:15 post meridiem on Wednesday, May 31, 1989, or until 12 o'clock meridian on the second day after Members are notified to reassemble pursuant to section 2 of this resolution, whichever occurs first; and that when the House adjourns on Thursday, May 25, 1989, it stand adjourned until 12 o'clock meridian on Wednesday, May 31, 1989, or until 12 o'clock meridian on the second day after Members are notified to reassemble pursuant to section 2 of this resolution, whichever occurs first.

SEC. 2. The majority leader of the Senate and the Speaker of the House, acting jointly after consultation with the minority leader of the Senate and the minority leader of the House, shall notify the Members of the Senate and the House, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

Mr. MITCHELL. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

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

The motion to lay on the table was agreed to.

ORDERS FOR TOMORROW

ORDER FOR RECESS UNTIL 1:30 P.M. TOMORROW

MORNING BUSINESS

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 1:30 p.m. tomorrow, Thursday, May 18, and that following the time for the two leaders, there be a period for morning business not to extend beyond 2:30 p.m., with Senators permitted to speak therein for up to 5 minutes each.

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

ORDER TO PROCEED TO CONSIDERATION OF THE CONFERENCE REPORT—HOUSE CONCURRENT RESOLUTION 106

Mr. MITCHELL. Mr. President, I ask unanimous consent that at 2:30 p.m., the Senate proceed to the consideration of the conference report on the budget resolution, House Concurrent Resolution 106.

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

RECESS UNTIL THURSDAY, MAY 18, 1989 AT 1:30 P.M.

Mr. MITCHELL. Mr. President, if the distinguished Republican leader has no further business, and if no other Senator is seeking recognition, I now ask unanimous consent that the Senate stand in recess, under the previous order, until 1:30 p.m. on Thursday, May 18, 1989.

There being no objection, the Senate, at 5:35 p.m., recessed until Thursday, May 18, 1989, at 1:30 p.m.

NOMINATIONS

Executive nominations received by the Senate May 17, 1989:

DEPARTMENT OF STATE

DELLA M. NEWMAN, OF WASHINGTON, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIA-

RY OF THE UNITED STATES OF AMERICA TO NEW ZEALAND AND TO SERVE CONCURRENTLY AND WITHOUT ADDITIONAL COMPENSATION AS AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO WESTERN SAMOA.

ROBERT D. ORR, OF INDIANA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF SINGAPORE.

DEPARTMENT OF THE TREASURY

BRYCE L. HARLOW, OF VIRGINIA, TO BE A DEPUTY UNDER SECRETARY OF THE TREASURY, VICE JOHN K. MEAGHER, RESIGNED.

PUBLIC HEALTH SERVICE

THE FOLLOWING CANDIDATES FOR PERSONNEL ACTION IN THE REGULAR CORPS OF THE PUBLIC HEALTH SERVICE SUBJECT TO QUALIFICATIONS THEREFOR AS PROVIDED BY LAW AND REGULATIONS:

1. FOR APPOINTMENT:

To be medical director

BRUCE A. CHABNER
DANIEL D. COWELL
PHILIP GORDEN
IRWIN J. KOPIN

To be senior surgeon

SAMUEL BRODER
JOHN I. GALLIN

To be senior assistant pharmacist

GARY W. BLAIR

IN THE AIR FORCE

THE FOLLOWING OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED, UNDER THE PROVISION OF SECTIONS 593, 8218, 8373, AND 8374, TITLE 10, UNITED STATES CODE:

To be major general

BRIG. GEN. CHARLES R. DRIGGERS, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

BRIG. GEN. JOE H. ENGLE, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

To be brigadier general

COL. TANDY K. BOZEMAN, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. NELSON E. DURGIN, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. ADOLPH P. HEARON, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. FRED R. HELMS, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. JOHNNY J. HOBBS, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. THOMAS W. NAPOLITAN, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. RICHARD E. PEZZULLO, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. JAMES H. RENSCHEN, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. DAVID J. RIST, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. DAN A. ROBAR, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. WILLIAM J. STOCKWELL, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

COL. TERRENCE P. WOODS, [redacted], AIR NATIONAL GUARD OF THE UNITED STATES.

IN THE PUBLIC HEALTH SERVICE

THE FOLLOWING CANDIDATES FOR PERSONNEL ACTION IN THE REGULAR CORPS OF THE PUBLIC HEALTH SERVICE SUBJECT TO QUALIFICATIONS THEREFOR AS PROVIDED BY LAW AND REGULATIONS:

1. FOR PERMANENT PROMOTION:

To be medical director

THOMAS R. BENDER
JAMES E. BERNER
GEORGE S. BOWEN
GERALD A. FAICH
TIMOTHY G. FLEMING
HAROLD M. GINZBURG
MARY E. GUINAN
ALAN R. HINMAN
CHARLES L. HOSTETTER
MICHAEL P. HUDGINS
WILLIAM D. LASSEK
MISAEL A. MORENO
FITZHUGH S. M. MULLAN
ALLAN S. NOONAN
ROGER J. PORTER
KENNETH E. POWELL

To be senior surgeon

SUSAN S. CARLSON
EDWIN P. EWING, JR
FREDERICK L. FERRIS, III
JOHN C. FINLEY
DOROTHY M. GOHDES
WILLIAM C. KNOWLER
DALE N. LAWRENCE
RICHARD C. MOORE, JR
RICHARD J. OBRIEN, JR
RICHARD D. OLSON
DOROTHY D. SOGN
ANGELITA J. SUNGA
CARL J. TJERANDSEN
JAY S. WEISFELD

To be surgeon

JOYCE M. JOHNSON

To be dental director

C. MICHAEL BECK
JOHN L. DRAGER
ERNEST HARDAWAY
CLIFFORD C. SCHARKE
CONRAD A. SCHWALM
GENE R. STERRITT
JOHN R. SUNDELL

To be senior dental surgeon

PATRICK C. BLAKE
ANTHONY R. CAVALLI
JAN R. GOLDSMITH
JEFFREY T. HOFFELD
MELVIN L. LERNER
JAMES A. LIPTON
RONALD A. LORTS
REGINALD LOUIE
WILLIAM J. NIENDORFF
LARRY D. PRATER
JOHN P. ROSSETTI
DONALD A. SCHNEIDER
MICHAEL R. WALKER
TONIE M. WALLER

To be dental surgeon

JAMES E. ADAMO
JOHN F. ANTON
JOHN D. LEVY
THOMAS O. OAS
FORREST H. PEEBLES
GREGORY T. SMITH
JONATHAN C. SMITH

To be nurse director

EILEEN P. GUNTER
JOAN A. HARTWELL
BERNADINE B. KUCHINSKI
LILLIE A. SLEBODNICK

To be senior nurse officer

M. ELIZABETH DICKEY
JEAN E. HASTINGS
JANET M. JONES
BETTE LOUISE LEMPERLE
DANIEL J. WALZ

To be nurse officer

WILLIAM S. CAMPBELL
THERESA M. MCDONALD
DANIEL A. NAPOLIELLO
CARROLL G. ONEILL
ELEANOR B. SCHRON
MICHAEL D. SMITH
MARIA J. TAVORMINA

To be senior assistant nurse officer

DAVID L. GRIFFITH

To be engineer director

KEITH E. ENDERS
BRUCE T. FERRIS
DAVID L. LARSON
JOHN N. LEO
WAYNE R. MATHIS
W. A. MULLEN, III
MALCOLM B. REDDOCH
DARRYL D. TYLER

To be senior engineer officer

THOMAS M. BEDICK
HERBERT CAUDILL, JR
CLARENCE H. EMMETT, JR
C. LEWIS FOX, JR
MARIUS J. GEDGAUDAS
ROBERT W. HARDING
GARY C. HAWTHORN
TOBIAS A. HEGDAHL
RALPH L. HOGGE
ROGER C. JENSEN
BROCK M. NICHOLSON
CARL A. ROTH
MERLE M. WASSON
FREDRICK W. WELLER
DAVID L. WEST

To be engineer officer

GERALD V. BABIGIAN
ROBERT A. YOUNG
WILLIAM R. ZOBEL

To be scientist director

WILLIAM A. BETTS
BOBBY D. BRAYBOY
DAVID G. BROWN
JAMES M. EVERTS
RICHARD C. HENNEBERRY
JAMES R. KING
HARVEY RUDOLPH
HUGH S. SLOAN, JR

To be senior scientist

MICHAEL L. ADESS
DOUGLAS L. ARCHER
JEANNE R. BURG
DONALD L. CAMPBELL
DAVID L. CONOVER
LAURENCE J. DOEMENY
DONALD D. DOLLBERG
LIREKA P. JOSEPH
KENNETH KRELL
THOMAS B. SHOPE, JR
ROBERT SPIRTAS

To be scientist

ALICE L. GREIFE

To be sanitarian director

TROY W. COLE
W. ALLEN KINGSBURY
TRUMAN L. MCCASLAND

To be senior sanitarian

RICHARD A. LEMEN
ERVIN L. MOORE

To be sanitarian

THOMAS E. CROW
RICHARD W. HARTLE
PAUL D. PRYOR

To be veterinary director

RONALD W. MOCH

To be senior veterinary officer

MORRIS E. POTTER

To be pharmacist director

NORMAN C. DITTMAN
GAYLE R. DOLECEK
JIMMY R. MITCHELL
FRANCIS X. OSULLIVAN, JR
THEODORE B. PUKAS
JEROME C. SHORT

To be senior pharmacist

GEORGE D. ARMSTRONG, JR
GARY J. BUEHLER
GARY L. CHADWICK
FRANK A. DODGE
LOUIS D. FAIRFIELD
WYMAN M. FORD
RICHARD N. HERRIER
STEPHEN A. MAURER
FRANK J. NICE
DENNIS A. PHILIPP
JAMES E. RILEY, JR
EUGENE B. SMITH, JR
RICHARD M. TAFFET
LAWRENCE A. TRISSEL
RAY D. WESTERLAGE
ALAN M. YAMASHITA

To be pharmacist

THOMAS M. DOLAN
STEVEN J. DONELAN
MICHAEL W. DREIS
STEPHAN L. FOSTER
PAUL F. JAROSINSKI
GORDON R. JOHNSTON
RICK S. LARRABEE
HALRON J. MARTIN
ANASTASIA E. PEREZ
THOMAS H. PEREZ
MARK E. RAMEY
RICHARD A. STOWE

To be dietitian director

CAROLYN PRZEKURAT

To be senior dietitian

MICHAEL A. BERNSTEIN
ALBERTA C. BOURN
PETER M. STEGMAYER

To be therapist director

ROBERT K. BAUS

To be senior therapist

JAMES A. BIRKE
ROBERT E. MANSELL
B. THOMAS SCHEIB

To be therapist

ANDREW NOVICK
WAYNE S. SMITH

To be health services director

JOEL G. BOSTROM
RALPH E. BUNGE
NORMAN E. CHILDS
JOHN H. EILERT, JR
KENNETH R. ENVALL
JOHN E. HUBBARD
CARL G. LEUKEFELD
EDWIN A. MILLER
ALAN F. SCHMIERER
WILBUR F. VANPELT

To be senior health services officer

MICHAEL B. BECKERMAN
BARRY BRAGIN
JOSEPH E. BRANTLEY, JR
JOHN J. COHN
LARRY D. EDMONDS
ARTHUR J. FOREST
ELLERY F. GRAY
JOHN H. HAIRE
MICHAEL J. KENNEDY
JOHN M. KUTCH, JR
SOLOMON LEVY
GARY O. MAUPIN
ROLAND M. MCPHEARSON, JR
DANIEL L. MINTZ
JUDITH L. MUNSTERMAN
LARY S. SCHNEIDERMAN
KENNETH F. SCHULZ
ROBERT A. ZOON

To be health services officer

JESSE L. GLIDEWELL
MICHAEL R. HANNA
WILLIAM G. JONES
MARION A. JORDAN
ERNEST H. KIMBALL, IV
KLAUS D. KRACHT
BRUCE E. LEONARD
SUSAN J. LOCKHART
KEITH C. LONGIE
BARBARA G. LUBRAN
KATHLEEN F. MARTIN
JAMES D. MCGLOTHLIN
LATHAM R. MORRIS
VON NAKAYAMA
LINDA M. POTTERN
CHARLES A. SCHABLE
DAVID G. SHOMBERT
STEPHEN A. SOUZA
FRANCIS P. WAGNER, JR

To be senior assistant health services officer

GEORGE E. FOLEY, III

IN THE ARMY

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE RESERVE OF THE ARMY OF THE UNITED STATES, UNDER THE PROVISIONS OF TITLE 10, U.S.C., SECTION 3383:

ARMY PROMOTION LIST

To be colonel

RONALD W. BYERS, [redacted]
WILLIAM W. GRAHAM, [redacted]
JAMES L. KENNEDY, [redacted]
FRANK J. KIEFER, JR, [redacted]
LAWRENCE F. MILAN, [redacted]
WILLIAM R. MULLINS, [redacted]
JOHN A. O'KEEFE, [redacted]
PAUL M. RODEN, [redacted]
JAMES C. SHERMAN, [redacted]
DWIGHT J. SINILA, [redacted]
RONALD J. SMIRCICH, [redacted]
LARRY J. STECK, [redacted]
DWAINE E. VOAS, [redacted]
GLENN T. WILLIAMS, JR, [redacted]
ERIC G. WILSON, [redacted]

CHAPLAIN

To be colonel

CARTER E. HUDSON, [redacted]

ARMY NURSE CORPS

To be colonel

KATHRYN C. JENS, [redacted]

MEDICAL CORPS

To be colonel

LIONEL M. NELSON, [redacted]

MEDICAL SERVICE CORPS

To be colonel

DONALD GREENBERG, [redacted]
DONAVAN D. KLIMPEL, [redacted]

ARMY PROMOTION LIST

To be lieutenant colonel

RONALD W. ALLENDORFER, xxx-xx-xxxx
MELVIN J. BARROIS, xxx-xx-xxxx
STANLEY S. BEDNARCZYK, xxx-xx-xxxx
KENNETH L. BRIER, xxx-xx-xxxx
DAVID A. CHAPMAN, xxx-xx-xxxx
JAMES A. CHEATHAM, xxx-xx-xxxx
DENNIS L. DALLINGA, xxx-xx-xxxx
HOWARD E. DAVIS, xxx-xx-xxxx
JAMES C. EATON, xxx-xx-xxxx
LESTER N. ELLIS, JR, xxx-xx-xxxx
WILLIAM R. ELMORE, xxx-xx-xxxx
ARVID FRENDE, xxx-xx-xxxx
KIM R. GIBSON, xxx-xx-xxxx
WILLIAM T. GIBSON, JR, xxx-xx-xxxx
CHARLES E. GORTON, xxx-xx-xxxx
GEORGE GRAF, xxx-xx-xxxx
RICHARD W. HAMMOND, xxx-xx-xxxx
JAMES R. HILL, JR, xxx-xx-xxxx
MICHAEL A. HILL, xxx-xx-xx...
CHARLES A. LEONE, xxx-xx-xxxx
THOMAS S. LIDDICOAT, xxx-xx-xxxx
RICHARD A. LUM, xxx-xx-xxxx
GARY M. MAJOR, xxx-xx-xxxx
JAMES A. MARISKA, xxx-xx-xxxx
PAUL E. MOCK, xxx-xx-xxxx
RUSSELL L. NAYLOR, xxx-xx-xxxx
JEFFREY W. NELSON, xxx-xx-xx...
GAIL K. OURA, xxx-xx-xxxx
THOMAS J. PAMPERIN, xxx-xx-xxxx
HARRY P. PASTUSZEK, JR, xxx-xx-xxxx
MICHAEL G. POHRONEZNY, xxx-xx-xxxx
WILLIAM A. RAMSEY, xxx-xx-xxxx
DAVID M. RAPP, xxx-xx-xxxx
MONTE N. REESE, xxx-xx-xxxx
WILLIAM D. ROACH, xxx-xx-xx...
ROBERT S. SETTLES, xxx-xx-xxxx
ALAN W. SMITH, xxx-xx-xxxx
JAMES H. SMITH, xxx-xx-xxxx
MICHAEL D. SMITH, xxx-xx-xxxx
EARNEST L. STEWART, xxx-xx-xxxx
CHARLES P. WASOVICH, xxx-xx-xxxx
GERALD W. WELLS, JR, xxx-xx-xxxx
RONNIE D. WILSON, xxx-xx-xxxx
ROBERT S. YERKES, xxx-xx-xxxx
MICHAEL A. ZOLEZZI, xxx-xx-xxxx

CHAPLAIN

To be lieutenant colonel

KURT A. LUEDTKE, xxx-xx-xxxx
RICHARD N. MAUGHAN, xxx-xx-xxxx

MEDICAL CORPS

To be lieutenant colonel

CHARLES N. HEGGEN, xxx-xx-xxxx
DAVID M. STEINWAY, xxx-xx-xxxx

MEDICAL SERVICE CORPS

To be lieutenant colonel

DANIEL A. GOUPIL, xxx-xx-xxxx
RICHARD D. REPP, xxx-xx-xxxx
RODNEY R. SMITH, xxx-xx-xxxx
FREDERICK G. VERNON, III, xxx-xx-xxxx
HERBERT P. ZIEFEL, xxx-xx-xxxx

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE RESERVE OF THE ARMY OF THE UNITED STATES, UNDER THE PROVISIONS OF TITLE 10, U.S.C., SECTION 3370:

ARMY PROMOTION LIST

To be colonel

ROBERT J. ANDERSON, JR, xxx-xx-xxxx
JOHN P. BAKER, xxx-xx-xxxx
RICHARD L. BUTTERFIELD, xxx-xx-xxxx
JERRY L. CANTRELL, xxx-xx-xxxx
VIESTURS J. DRUPA, xxx-xx-xxxx
EDWARD F. FISH, xxx-xx-xxxx
WILLIAM R. FITCH, III, xxx-xx-xxxx
JOHN W. GRAVES, xxx-xx-xxxx
ANDREW HAGER, JR, xxx-xx-xxxx
VERNON N. HANSFORD, xxx-xx-xxxx
DENNIS L. HUNTER, xxx-xx-xxxx
GENE G. JORDAN, xxx-xx-xxxx
RONALD J. MANGANILLO, xxx-xx-xx...
TERRENCE E. MCDONALD, xxx-xx-xxxx
DWAYNE L. MCQUILLIAMS, xxx-xx-xx...
JON D. MILLER, xxx-xx-xxxx
HOLSEY A. MOORMAN, xxx-xx-xxxx
MERLE J. PETERSON, xxx-xx-xxxx
MANFRED H. RORIG, xxx-xx-xxxx
WALTER F. VINES, xxx-xx-xxxx
MASON W. WHEELER, xxx-xx-xxxx

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE RESERVE OF THE ARMY OF THE UNITED STATES, UNDER THE PROVISIONS OF TITLE 10, U.S.C., SECTION 3366:

ARMY PROMOTION LIST

To be lieutenant colonel

WILLIAM M. ABELL, xxx-xx-xx...
RONALD B. ARCHIBALD, xxx-xx-xxxx
DOUGLAS A. DUNCAN, xxx-xx-xxxx
MICHAEL L. ESPOSITO, xxx-xx-xxxx
JOSE I. GARCIA-HUERTAS, xxx-xx-xxxx
STEWART M. GRAYSON, xxx-xx-xxxx
JOHN R. GREEN, xxx-xx-xxxx
JAMES M. HARRIS, xxx-xx-xxxx
JOHN P. HARRIS, xxx-xx-xxxx
JAMES E. HAWKINS, JR, xxx-xx-xxxx
JOHN P. KELLY, xxx-xx-xxxx
ALLEN W. KOCHENDERFER, xxx-xx-xxxx
CHARLES R. LEMLEY, xxx-xx-xxxx
RONALD D. LOUISE, xxx-xx-xxxx
MICHAEL L. MCALPIN, xxx-xx-xx...
ROBERT J. OLIVER, xxx-xx-xxxx
PAUL A. REH, JR, xxx-xx-xxxx
NEIL M. TANGEN, xxx-xx-xxxx
KENNETH H. WILLIAMS, xxx-xx-xxxx

THE FOLLOWING-NAMED INDIVIDUALS FOR APPOINTMENT IN THE RESERVE OF THE ARMY OF THE UNITED STATES, UNDER THE PROVISIONS OF TITLE 10, U.S.C., SECTION 3359:

MEDICAL CORPS

To be lieutenant colonel

MERLYN D. GIBSON, xxx-xx-xxxx
ROBERT J. KENEVAN, xxx-xx-xxxx

CONFIRMATIONS

Executive nominations confirmed by the Senate May 17, 1989:

DEPARTMENT OF THE TREASURY

DAVID CAMPBELL MULFORD, OF ILLINOIS, TO BE AN UNDER SECRETARY OF THE TREASURY.

ROBERT R. BLAUBER, OF MASSACHUSETTS, TO BE AN UNDER SECRETARY OF THE TREASURY.

DEPARTMENT OF TRANSPORTATION

PHILLIP D. BRADY, OF VIRGINIA, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF TRANSPORTATION

DAVID PHILIP PROSPERI, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT SECRETARY OF TRANSPORTATION.

DEPARTMENT OF COMMERCE

THOMAS JONES COLLAMORE, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT SECRETARY OF COMMERCE.

MICHAEL RUCKER DARBY, OF TEXAS, TO BE UNDER SECRETARY OF COMMERCE FOR ECONOMIC AFFAIRS.

DEPARTMENT OF AGRICULTURE

RICHARD THOMAS CROWDER, OF MINNESOTA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION.

JACK CALLIHAN PARNELL, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION.

FRANKLIN EUGENE BAILEY, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF AGRICULTURE.

CHARLES E. HESS, OF CALIFORNIA, TO BE AN ASSISTANT SECRETARY OF AGRICULTURE.

JO ANN D. SMITH, OF FLORIDA, TO BE AN ASSISTANT SECRETARY OF AGRICULTURE.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE THE DULY CONSTITUTED COMMITTEE OF THE SENATE.

U.S. COURT OF VETERANS APPEALS

FRANK QUILL NEBEKER, OF VIRGINIA, TO BE CHIEF JUDGE OF THE UNITED STATES COURT OF VETERANS APPEALS FOR THE TERM OF 15 YEARS..